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In the Supreme Court

of the United States

OCTOBER TERM, 1965

No. 465

TILLAMOOK COUNTY CREAMERY ASSOCIATION,

Petitioner,

v.

TILLAMOOK CHEESE & DAIRY ASSOCIATION,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

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STEVENS-NESS LAW PUB. CO., PORTLAND, ORE. 8-65

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TILLAMOOK CHEESE & DAIRY ASSOCIATION,
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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Petitioner prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Ninth Circuit entered in the above-entitled case.

OPINIONS BELOW

The first opinion of the Court of Appeals (App. B1),[1] dated April 7, 1965, is reported at 345 F.2d 158,

[1] The following abbreviations will be used: "App." to designate an appendix to this petition; "Tr." to designate the transcript of record; "PX" to designate plaintiff-petitioner's trial exhibit number; and "DX" to designate defendant-respondent's trial exhibit number.

145 USPQ 244. The second opinion of the Court of Appeals (Tr. Vol. 1, p. 252, App. D1), dated May 20, 1965, amending the first opinion is unreported. The opinion of the District Court (Tr. Vol. 1, pp. 177, 217, App. A1), dated June 24, 1964, is reported at — F. Supp. —, 143 USPQ 12.

JURISDICTION

The judgment of the Court of Appeals was entered on April 7, 1965 (Tr. Vol. 1, p. 262, App. E1). A timely petition for rehearing en banc, filed on May 5, 1965, was denied on May 20, 1965 (Tr. Vol. 1, p. 264, C1).

Jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1). Jurisdiction of the District Court was invoked under 28 U.S.C. § 1338(a) and 28 U.S.C. § 1338(b).

QUESTIONS PRESENTED

1. Is it not contrary to the most basic precept of trademark law to permit two independent persons in competition with one another to use the same word as a trademark on the same product in the same marketing area?

2. May a person acquire common law trademark rights in a word without having made substantially exclusive use of the word as a trademark?

3. Even if a person once acquired common law trademark rights in a word, may he retain such rights where he has long ceased to use the word to distinguish his own products, and has simultaneously permitted an-

other person to make exclusive use of the word as a trademark on the products of various producers selected by the other person?

4. Where there has been direct and uncontradicted testimony of confusion in the market with respect to trademarked products, does it not follow that there is a likelihood of confusion?

STATUTES INVOLVED

15 U.S.C. §§ 1052(f), 1065; 28 U.S.C. §§ 1254(1), 1338(a), (b).

STATEMENT OF CASE

This is a suit for trademark infringement and unfair competition involving use of the trademark TILLAMOOK for cheese.

The parties are agricultural cooperatives comprising many hundreds of individual dairy farmers. The relationship between the parties and their predecessors goes back to 1909 when petitioner was formed for the purpose of setting and maintaining standards for cheese produced by its members. In 1917, petitioner became the exclusive marketing agent for all its members, and in 1918 adopted and commenced using the word TILLAMOOK as a trademark for certain cheese which it marketed. Until September, 1963, respondent was one of petitioner's members.

In 1921, petitioner obtained United States Trademark Registration No. 143,336 under the Act of 1920

for TILLAMOOK for cheese, and in 1950 obtained Registration No. 533,033 on the Principal Register for TILLAMOOK for cheese and butter. Petitioner filed the required affidavit under 15 U.S.C. § 1065 in order to obtain incontestability for the 1950 registration (Tr. Vol. 1, pp. 207, 208; PX 39).[2]

In its function as the marketing agent over the years, petitioner received and purchased cheese produced by its various members. From this cheese it selected and commingled for market all which met its quality standards. The selected cheese was extensively advertised and sold, especially along the west coast, under petitioner's name and trademark TILLAMOOK, without any reference to the particular member who manufactured the cheese. It was within petitioner's sole discretion to determine what cheese would bear the TILLAMOOK trademark. As far as the buying public was concerned, petitioner was the only source of origin of such cheese.

The only period of time during which the word "Tillamook" was used *exclusively by one person* to designate and distinguish the cheese sold by that person, was the period between 1918 and 1963, during which petitioner alone used the word. Prior to 1918, *numerous people* used the word on cheese.

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[2] Under the provisions of 15 U.S.C. § 1065, a registered trademark may be made incontestable after it has been in continuous use in commerce for five consecutive years subsequent to the date of registration. Contrary to the statement in the opinion of the Court of Appeals (App. D10 et seq.), petitioner's reliance on § 1065 was in further support of its claim of sole ownership of the trademark, and in resistance to respondent's claim of ownership of the trademark.

In September, 1963, respondent terminated its exclusive marketing agreement with petitioner and voluntarily withdrew from membership. Shortly thereafter, respondent commenced marketing its cheese under a "Premium Brand" label in which the word "Tillamook" was prominently displayed. Petitioner objected to this conduct as an infringement of its trademark rights in TILLAMOOK, and instituted the present suit to enjoin respondent from so marketing its cheese.

After a trial, the District Court denied petitioner the relief prayed for, holding that respondent rather than petitioner was the owner of the trademark TILLAMOOK, and that *both* respondent and petitioner had a right to use the word as a trademark in marketing cheese in the same area. The court restrained petitioner from instituting any action for infringement or unfair competition relating to respondent's use of the trademark on cheese. The Court of Appeals affirmed the judgment of the District Court, and this petition seeks review in entirety of the judgment of the Court of Appeals.

REASONS FOR GRANTING THE WRIT

1. There is a Direct and Serious Conflict in Principle Between the Decision of the Court of Appeals in this Case and Prior Decisions of the Supreme Court.

The primary purpose of a trademark is to distinguish, in a particular marketing area, the goods of one person from those of another, thereby to designate to the consuming public the source of origin or ownership

of the goods. This has long been recognized as the most fundamental principle of trademark law, and has been clearly stated by this Court on many occasions:

> "The primary and proper function of a trademark is to identify the origin or ownership of the article to which it is affixed. Where the party has been in the habit of labeling his goods with a distinctive mark, so that purchasers recognize goods thus marked as being of his production, others are debarred from applying the same mark to goods of the same description, because to do so would in effect represent their goods to be of his production and would tend to deprive him of the profit he might make through the sale of the goods which the purchaser intended to buy." *Hanover Star Milling Co.* v. *Metcalf*, 1916, 240 U.S. 403, 412, 60 L.Ed. 713, 718.[3]

In the present case, the decisions of both lower courts squarely conflict with that principle. The District Court held that respondent is the owner of the TILLAMOOK trademark (143 USPQ at 16, Tr. Vol. 1, p. 217, App. A13), and at the same time said that respondent should be estopped from denying petitioner's right ". . . to utilize the registered brand 'Tillamook' in connection with the marketing of cheese of those members who were (and continue as) members in good standing of plaintiff [petitioner] at the time of the defendant's [respondent's] withdrawal from membership" (143 USPQ at 16, Tr. Vol. 1, p. 186, App. A12). That the District Court clearly intended both pe-

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[3] See also the often-cited case of *United Drug Co.* v. *Rectanus Co.*, 1918, 248 U.S. 90, 97, 63 L. Ed. 141, 145.

titioner and respondent to have a right to designate their respective cheese products with the TILLAMOOK trademark is demonstrated in footnote 4 to its opinion, where it said:

> "Whatever may be the ultimate result of having two marketing agents for the Grade A fluid-milk products of Tillamook County, I can make no prognosis, but I do know that the favorable and heretofore nationwide premium market for cheese marketed under the brand 'Tillamook' cannot survive under two competing marketing agencies." (143 USPQ at 16, Tr. Vol. 1, pp. 186-187, App. A13).

The Court of Appeals in affirming the decision of the District Court, left that decision unchanged. Thus, there are now two independent persons marketing the same product under the same trademark in the same marketing area. The "ultimate result" presents a direct conflict in principle with the above-cited cases from this Court, and, if allowed to stand, will remain as a serious anomoly in the law of trademarks.

2. There is a Direct Conflict in Principle Between the Present Decision and Prior Decisions in Other Circuits in the United States.

The principle of trademark law, expressed above by this Court, that a trademark may be used to designate only the goods of one person in a particular marketing area has been expressly recognized by courts of appeals in many circuits.[4]

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[4] *Ward Baking Co.* v. *Potter-Wrightington*, 1 Cir., 1924, 298

The present decision, by ignoring the requirement that a trademark must point distinctly to a *single* source of origin, presents a direct conflict in principle with the established law in these other circuits.

3. The Present Case Involves Questions of Great Public Importance and Concern in the Field of Trademarks and Unfair Competition.

Protection of a trademark by law has a two-fold object—partially to benefit the owner of the trademark, and partially to benefit the public. On the one hand, a trademark owner is entitled to protect his good will and reputation by reserving to himself alone the right to affix the mark to goods of his manufacture, ownership or selection. On the other hand, the consuming public is entitled to be protected against deception by knowing that a particular trademark distinguishes the goods manufactured, owned or selected by a particular trader. A decision such as the present one, which permits a trademark to be aimless rather than pointed, will seriously erode and prejudice these extensive rights. The correction of such a decision by this Court is a matter of great public concern.

If the present situation is allowed to continue, the consuming public will be confused and deceived about

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F. 398, 400; *Standard Brands* v. *Smidler*, 2 Cir., 1945, 151 F.2d 34, 36; *Family Circle, Inc.* v. *Family Circle Associates, Inc.*, 3 Cir., 1964, 332 F.2d 534, 539; *Dwight S. Williams Co.* v. *Lykens Hosiery Mills*, 4 Cir., 1956, 233 F.2d 398, 400, *cert. denied*, 352 U.S. 840, 1 L. Ed. 2d 56; *John Morrell & Co.* v. *Reliable Packing Co.*, 7 Cir., 1961, 295 F.2d 314, 316; *Drexel Enterprises, Inc.* v. *Richardson*, 10 Cir., 1962, 312 F.2d 525, 527; and *Gray* v. *Armand Co.*, D.C. Cir., 1928, 24 F.2d 878, 879.

the source of TILLAMOOK cheese.[5] Buyers will wonder which person's cheese is the *genuine* TILLAMOOK cheese. And one who, by purchasing TILLAMOOK cheese, expects to receive a product of superior and uniform quality, may find substantial differences in quality, since there is no longer a single person responsible for maintaining the standards of TILLAMOOK cheese.

This case is significant because of the severe injury which will result to an important segment of the economy of Oregon, as well as to both parties involved in this suit, if the existing situation is allowed to persist. The parties are agricultural cooperatives which represent many hundreds of dairy farmers. The impact of the present decision has been direct and immediate on these farmers. Prior to the decision, when there was but one source of TILLAMOOK cheese, the TILLAMOOK trademark had great value, and commanded a substantial premium price in the market.[6] Obviously, if the present situation continues, the public will be confused, the TILLAMOOK trademark will be destroyed, and no one will derive any benefit from it.

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[5] During the trial, petitioner introduced uncontradicted evidence of *actual confusion* among cheese buyers at both the housewife level and the professional level. (Tr. Vol. 3, pp. 35, 36, 48, 68, 84, 85, 98, 99; Tr. Vol. 6, pp. 42-48, 70, 71, 121-123; PXs 45A, 45B, 46, 84-100, 117, 144 (pp. 30-33)).

[6] Over the years, petitioner has obtained a premium of 8-12 cents per lb. for TILLAMOOK cheese, and annual sales of TILLAMOOK have been around ten million lbs. (Agreed Fact 25, Tr. Vol. 1, p. 123; Finding of Fact 36, Tr. Vol. 1, p. 211; DXs 249A, 205EE; PX 139, pp. 30, 31, 34, 35; PX 140, p. 5; PX 141, pp. 9, 10, 12; PX 144, pp. 14, 15.)

It has taken many years of rigid quality control and advertising to build the good reputation which TILLAMOOK cheese enjoys. The consuming public has come to expect, when it buys TILLAMOOK cheese, to obtain a product of uniformly high quality, controlled from a single source of origin. Unless the Court now acts to resolve the conflicts presented, this reputation will be destroyed, and the consuming public deceived.

4. The Court of Appeals has Affirmed, Substantially Without Discussion or Analysis, a Serious Error in the Findings of Fact Made by the District Court.

One of the crucial findings of fact in this case, that respondent's predecessor actually designated, appropriated and used the word "Tillamook" *as a trademark* in connection with the marketing of its cheese, is erroneous. This finding is crucial, because, from it flows both the conclusion that respondent now owns the trademark, and the decision to permit a second person to use the same trademark in the same marketing area. The error is serious because there is absolutely *no* evidence in the record to support the finding.

The error arose because, apparently, neither lower court understood what is required for one to establish a common law trademark, and failed to distinguish between *trademark* use of a word and *other* uses. This Court has consistently held that to acquire common law trademark rights in a word, one must adopt and *use the word as a trademark* to the exclusion of others to distinguish his own product.[7] Statutory recognition of

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[7] *Trademark Cases* 1879, 100 U.S. 82, 94, 25 L. Ed. 550, 552;

the common law requirements for establishment of a trademark is found in 15 U.S.C. § 1052(f), which section was completely ignored in the opinions of the lower courts.

The record shows that during the period prior to 1918 (after which petitioner adopted and has since exclusively used the word TILLAMOOK as a trademark), respondent's predecessor, Tillamook Creamery, used its corporate name and the words "Tillamook Full Cream Cheese" in connection with the marketing of its cheese products. It is this use of the word "Tillamook" which was claimed below, and was accepted by both lower courts, as having established a common law trademark.[8] But respondent's own evidence irrefutably established, and herein lies the key to the erroneous finding, that during the very same period of time, numerous *other cheese manufacturers* also used the words "Tillamook Full Cream Cheese" in connection with the marketing of their products.[9] The record shows further that prior to 1918 cheese coming from any of the many cheese factories in Tillamook County was referred to as "Tillamook Cheese."[10] There is not a single piece of evidence in the record to show that during any period of time respondent's predecessor used the word "Tillamook" as a trademark, that is, to the *exclusion* of others to *distinguish* its own products.

Hanover Star Milling Co. v. *Metcalf*, supra; *United Drug Co.* v. *Rectanus Co.*, supra.

[8] App. A3, A8; D6, D7.

[9] DXs 217A, 236, 237, 238; DX 270B; Tr. Vol. 10, pp. 633, 634, 650, 661, 662, 668.

[10] DXs 201G, 201I, 201J, 201L, 201Z, 202A-202NN, 284.

CONCLUSION

The decision of the Court of Appeals presents a direct conflict in principle with the decisions of this Court, and with decisions of courts of appeals in many circuits. It has created an intolerable situation where two persons are permitted to use the same trademark on the same product in the same marketing area. By expounding such a two-user principle for trademarks, it opens the door to consumer deception and confusion, and is therefore of great concern and importance to the public. The present situation is leading rapidly to the destruction of a valuable trademark, and thousands of persons, including the members of both parties to this suit, are suffering irreparable injury.

The Court should grant the petition so that it can rectify a serious error in interpretation of the trademark laws, and can right the considerable public and private harm that has already flowed and will continue to flow from the decision.

Respectfully submitted,

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APPENDIX A

Opinion of the District Court

District Court, D. Oregon

Tillamook County Creamery Association v. Tillamook Cheese and Dairy Association

No. 64-77 Decided June 24 and Aug. 6, 1964

East, District Judge.

The plaintiff claims to be the sole owner of the trademark "Tillamook" (for cheese and butter) under U.S. Patent Office Registration Certificate No. 553,033, and claims infringement of the trademark by the defendant, who in defense attacks the validity of the registered trademark and in turn asserts ownership of the common-law trademark "Tillamook."

There are other issues concerning the use of the trademark "Tillamook" in connection with the marketing of fluid milk products from Tillamook County as well as alleged damages, which have been segregated and reserved for future determination.

At the risk of an oversimplification of the facets and problems of the growing dairy industry of Tillamook County, it might be said that in the years prior to fast transportation and commercial refrigeration the main products of the industry for out-of-county marketing were cheeses, which are now known nationally and so famously as "Tillamook." However, with the advent of fast transportation, and during the current years, the fluid milk for the out-of-county marketing facet of the

industry has grown in volume strikingly in contrast to that of the rest of the western part of Oregon. This ample supply-demand situation has resulted in a favorable upstate market for the increased production of Tillamook fluid milk, which has, in turn, caused a steady decrease of milk surplusage for cheese manufacture. The cheese facet of the industry in volume has remained substantially the same for a number of years past. The causation of the lack of growth in cheese volume is a matter of dispute between the parties.

Further, at the risk of an understatement, it might be said that the differences in philosophy and policy, primarily of the upstate marketing of the Tillamook fluid milk, and secondarily to the marketing of cheese, has caused a fracture or splitting of the producer-membership in plaintiff as the marketing agent.

The producers of the greater cheese volume joined in forming the defendant (5,478,999 pounds), which can be well classified as a producer, and those producing the lesser volume (4,213,000 pounds), keeping their membership in the plaintiff marketing agent.

The bare and raw result of the fracture is that the plaintiff-marketer does not have sufficient supply of cheese produced in Tillamook County to meet its market demands for "Tillamook" branded cheese, and is tempted to meet its market demands with cheese produced elsewhere, but marketed as "Tillamook," and the defendant-producer is forced to market its cheese produced in Tillamook County under brands and labels that tend to simulate or sail under the "Tillamook" flag, if not actually infringe the brand trademark "Tillamook."

Suffice, for the purposes here to state as a premise generally, and without attempting to pinpoint causes or justification, that a most grievous and serious threat to the cheese industry of Tillamook County, and particularly to the premium status of the high-quality products on the national market, is presented and made by the policy dispute among the membership, which is aggravated by personality clashes. While this dispute and break is severely acute, it is nevertheless a temporary fight among the individuals which will expend itself and become quiet before long, yet the resulting harm to the cheese industry of Tillamook County might well be total and permanent destruction.

It is not presently necessary to delve into the complexities of the fluid milk market problem, as it has been reserved for another day, and, furthermore, no good purpose will be served here in setting out the various forms of the past and present producer-cooperative organizations and their respective predecessors in interest and title that has been set up and maintained by the dairy industry in Tillamook County for the manufacturing, processing, and marketing of the cheese products, except only to the limited extent as delineated in the following findings.

I am satisfied and find from the evidence that:

Tillamook Creamery, established about 1895 (predecessor); had actually designated, appropriated and used the word "Tillamook" as a brand and a mark in connection with the marketing of cheese produced by its members in Tillamook County for some years prior to 1913 and continuously thereafter, until the plaintiff was reor-

ganized, as hereinafter found, and designated as marketing agent for cheese produced by its members in Tillamook County.

Plaintiff was established in 1909 purely as a testing and grading organization or agency to serve the predecessor and a number of other cheese factories within Tillamook County, with the sole and express mission to achieve and stabilize a uniform good quality of cheese being produced and sold directly by the several factories. In short, the plaintiff was merely an agent or servant for the various factories, without whom plaintiff would have no purpose or mission in life.

In 1917 the Articles of plaintiff were amended so as to authorize it to engage in the marketing of cheese produced by its members as well as to act in the former capacity of grading and policing body, whereupon the plaintiff became and has been since the exclusive marketing agent for its member-producers, which included the predecessor and the defendant until it withdrew in dispute during September, 1963.

In 1917 the predecessor was producing 630,483 pounds of cheese, by far the greater bulk of the cheese being produced within Tillamook County for outside marketing.

Mr. Carl Haberlack was a notable personage within the dairy industry of Tillamook County from 1903 until about 1944, and generally is given credit for being the "cheese salesman" who developed the widespread and extended outside market for Tillamook cheese, and became the manager of plaintiff when it became marketing

agent, as above found, and continued in that capacity until about 1944.

With plaintiff's marketing duties, it developed facilities and expertise and became the fiscal center and agent for all its member-cooperative producers, large and small, and, as in its grading-duty days, plaintiff remained the servant of its producing members, including the predecessor and the defendant, for the marketing of the products and the members' fiscal and accounting purposes.

The plaintiff has been at all times solely dependent upon the contributions of and charges assessed against the producer-members for physical plant and life's blood, and has had no purpose or mission other than to serve its original producer-members and those who might later join and produce cheese according to the standards required by the grading agent under the dictates of its members.

From 1917 the plaintiff marketed its producer-members' cheese under the brand and name of "Tillamook" and used the brand for the benefit of its members, including the predecessor, all with the consent and acquiescence of the predecessor.

At no time did plaintiff pay any consideration whatsoever to the predecessor for the use, nor did the predecessor ever, impliedly or expressly, transfer any right, title, or interest it had in any common-law right to the use of the word "Tillamook" as a brand or trademark in connection with the marketing of cheese.[1]

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[1] In fact, the plaintiff does not contend that the common-law

The plaintiff applied for, and on November 7, 1958, received from the United States Patent Office, the above-mentioned registration certificate No. 533,033 for the trademark "Tillamook" (for cheese and butter),[2] and the application was executed by one George R. Larson, secretary of the plaintiff, who was also then an officer of the predecessor.

The application itself, as was the prior use of the brand "Tillamook" by plaintiff upon which the registration was predicated, was with the consent and acquiescense of the predecessor solely for the purpose of giving plaintiff's members, including the predecessor, the increased benefit and protection offered by registration in the Patent Office to the brand "Tillamook" in connection with the marketing of the members' cheese, not the plaintiff's cheese.

While the record is absent of the original marketing agreement between the plaintiff and the predecessor (1917), the record does speak of a subsequent marketing

right to the trademark "Tillamook," if any there be, was assigned or otherwise transferred to it for value, but only that the defendant should be estopped from contesting the validity of the registered trademark and the plaintiff's exclusive ownership thereof.

[2] I will assume, without deciding, the validity of the registered trademark "Tillamook" (for cheese and butter) under the certificate No. 533,033 and grant it its statutory presumption-of-validity status. If called upon to do so, I would find under the evidence that the trademark "Tillamook," when used in connection with the marketing of cheese, has acquired a secondary significance in the kind and quality of the cheese so branded within the purview and holdings of Phillips v. The Governor & Co., etc., 79 F.2d 971, 27 USPQ 229 (9th Cir. 1935); North American Air. Sys. v. North American Aviation, 231 F.2d 205, 107 USPQ 68 (9th Cir. 1955); and McCabe-Powers Auto Body Co. v. American Truck Equip. Co., 150 F. Supp. 194, 113 USPQ 217 (D. Or. 1957).

agreement between plaintiff and the defendant's intermediate predecessor—Tillamook County [sic] Association—which provides, inter alia:

> "(2) Association Exclusive Agent of Factory
>
> The factory (that is Tillamook Cheese Association) hereby appoints and constitutes the Association (TCCA) as its exclusive agent for the purpose of the sale and marketing of all dairy products which the factory has for sale or control, and for the financing thereof."

and I infer that a similar arrangement existed between the plaintiff and its members, including predecessor prior thereto.

This situation continued, and the cheese facet of the dairy industry in Tillamook County happily prospered through 1947, and thereafter, but steadily the fluid-milk facet of the industry became the growing, restless giant that ultimately caused the dispute and fracture among plaintiff's members.

By reason of amendments to the plaintiff's By-Laws, drastically reducing the defendant's representation on plaintiff's Board of Directors, and changes of policies and practices in the services rendered by plaintiff, all products of the dispute, continued membership by defendant in plaintiff became intolerable to defendant, and it voluntarily withdrew from membership in plaintiff, and the plaintiff and the defendant each had contractual right and license to take their respective courses, but I make no comment on the business practices and ethics indulged in by the parties, respectively, culminating in the fracture.

Therefrom I conclude that:

[1] The predecessor had acquired, through appropriation and use, a common-law right to the word "Tillamook" as a trademark in connection with marketing cheese produced in Tillamook County;

"* * * Federal registration does not create a trademark. The trademark comes from use, not registration, and the right to it is in the nature of a property right based on common law." Campbell Soup Company v. Armour and Company, 175 F.2d 795, 81 USPQ 430 (3rd Cir. 1949).

"* * * in the United States the exclusive right to the use of a trademark has always rested and still rests upon the common law." 1 Nims, Unfair Competition and Trademarks, § 185, p. 511 (4th Ed. 1947).

"* * * under accepted theory, a trademark right is not acquired by registration. The entire system of trademark property and protection was recognized by the common law in England and the United States. It existed long before the Federal Trademark Act, and has remained in full force since its passage." Callman, Unfair Competition and Trademarks, 2d Ed. Vol. 4, p. 2066 (1950).

"The right to a trademark does not depend upon the statutory enactments. It stems from common law and is perfected by prior appropriation and use. Therefore, registration is not controlling in a suit involving common law rights to a registered mark or in a suit for unfair competition arising out of its use." Callman, supra, 2068.

Neither the predecessor or the defendant has ever been divested of its ownership of the common-law right

to the trademark or brand "Tillamook" in connection with marketing its cheese, and, in any event, plaintiff holds the registered trademark, if it be that the common-law right has been merged, as trustee for the defendant and plaintiff's participating members.

In DuPont Cellophane Company, Inc. v. Waxed Products Co., Inc., 6 F.Supp. 859, 22 USPQ 145 (E.D. N.Y. 1934), modified on other grounds 85 F.2d 75, 30 USPQ 332 (2nd Cir. 1936), at issue was the ownership of the trademark Cellophane as between a French manufacturer and his U.S. importer, Euler, who acted as his exclusive distributor. Euler registered Cellophane as a trademark in his own name while agent. The court held that Euler did not acquire ownership of the mark but that any right acquired by Euler came to an end upon terminating the agency.

In United States Ozone Co. v. United States Ozone Co. of America, 62 F.2d 881, 16 USPQ 233, 239 (7th Cir. 1933), the defendants had served as exclusive agents in the sale of equipment manufactured by a predecessor of plaintiff. They claimed by reason of such agency to have become owners of the trademarks applied to such equipment. The court held that ownership remained in the manufacturer:

> "The claims of appellants to the ownership of and the right to use the trademark and trade name are not convincing. Such claim as they have originated in the sales agency contracts wherein they were given exclusive sales rights, and, solely for the purpose of the contract, were permitted to use the trademark and trade name in advertising and selling the products manufactured by the sterilizer

company. Nothing appears in the contract or elsewhere in the evidence which indicates any intention on the part of either the sterilizer company or the ozone company to give up the trademark or the trade name to appellants except for the limited purposes of the contract. When the contract came to an end, appellants' rights to any use of the trademark and the trade name likewise came to an end. Under very similar facts in Morand Bros. v. Chippewa Springs Corp., 2 F.2d 237, 239, this court said: *'While the contract does not specify that at the end of that time appellant should cease using appellee's trade name, under which it was selling its water from its spring of the same name, such we regard is a necessary inference from the contract itself.'"* [Emphasis supplied.]

Thus, plaintiff's right and premise for registration was the common-law right of the predecessor then being used by plaintiff, through consent and acquiescence, for the marketing of predecessor's cheese.

"The right to a trademark does not depend upon statutory enactment. It stems from common law and is perfected by prior appropriation and use. Therefore, registration is not controlling in a suit involving common law rights to a registered mark or in a suit for unfair competition arising out of its use. Registration does not perfect a trademark right; and though under the Lanham Act it does confer certain new rights to the mark, at the outset it does not grant any greater right than that which is recognized at common law without registration." Callman, supra. See also Oakford Co. v. Kroger, et al., 157 F.Supp. 453, 116 USPQ 430 (S.D.Ill. 1957).

"Exclusive distributor's rights to .principal's

trademark. In the absence of any inequitable conduct on the part of a manufacturer, an exclusive distributor who employs the trademark of the manufacturer does not acquire a proprietary interest in the mark which will extinguish the rights of the manufacturer, and a registration of the trademark by the distributor as such belongs to the manufacturer, provided the fiduciary relationship does not terminate before application for registration is filed. An exclusive distributor's limited right to a trademark is not converted into a right to the use of such trademark on termination of his relationship with the manufacturer, and when the relationship is terminated the manufacturer or his successor *is entitled to an assignment of the trademark registered by the distributor in connection with the product,* since on termination of the exclusive distributor's relationship with the manufacturer, his rights to the manufacturer's trademark inure to the manufacturer." [Emphasis added.] 87 C.J.S. p. 258.

The defendant has not committed any acts or pursued any course of conduct that has caused the plaintiff to in anywise change its position or in anywise jeopardize its right and privilege to make use of the registered brand "Tillamook" solely for marketing the cheese produced by its members within Tillamook county; plaintiff held the right to use the registered trademark for the member-producers' cheese only with the consent and acquiescence of the defendant, and, without the defendant's continued membership and the defendant's cheese to market, the plaintiff has lost the right to use the trademark to the exclusion of the defendant's use for its cheese, and the defendant is not estopped from utilizing

its common-law right of trademark in the brand "Tillamook" in connection with the marketing of its cheese.[3]

The predecessor consented to and acquiesced in the use of, first, the common-law trademark brand, and, later, the registered brand "Tillamook" by plaintiff for the use and benefit of other member-producers of plaintiff in the marketing of cheese produced by those members who from time to time, upon reliance, had contributed to and paid charges assessed against them by plaintiff for the development and maintenance of plaintiff, and made capital expenditures in their cheese factories in order to meet standards and be eligible for the benefit of plaintiff's marketing and fiscal services and the use of the trademark and brand "Tillamook" for their products; accordingly, the defendant should be estopped from denying the plaintiff the right to utilize the registered brand "Tillamook" in connection with the marketing of cheese of those members who were (and continue as) members in good standing of plaintiff at the time of the defendant's withdrawal from membership.

Further, that the Court's conclusion of noninfringement, heretofore entered on the segregated issue of

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[3] The plaintiff urges Pacific Supply Cooperative v. Farmers Union Central Exchange, 318 F.2d 894, 137 USPQ 835 (9th Cir. 1963); Holly Hill Citrus Growers Ass'n. v. Holly Hill Fruit Products, Inc., 75 F.2d 13, 24 USPQ 229 (5th Cir. 1935); and Humble Oil & Refining Co. v. Standard Oil Company, 229 F. Supp. 586, 141 USPQ 153 (D. Miss. 1964), as judicial insistence that the defendant is estopped from attacking plaintiff's ownership of and exclusive right to use the trademark and brand "Tillamook." However, a perusal of the facts and contractual relationship of the parties in each of those cases readily distinguishes them from the instant problem, and no good cause will be served by my further analysis or discussion of them.

alleged infringement of the trademark "Tillamook" by the defendant's Premium Brand label, is confirmed.

Counsel for the defendant is requested to submit proposed findings of fact, conclusions of law and decree in conformity with the foregoing memorandum decision; provided, however, that the entry of such findings, conclusions and final decree, as well as the tendered judgment under Rule 54(b) on the segregated issue heretofore submitted by counsel for defendant, shall not in any event be entered prior to 20 days from the date hereof.[4]

Aug. 6, 1964

JUDGMENT

The above-entitled cause having duly come on for trial before this Court, the Honorable William G. East presiding, and certain issues having been tried on the 20th, 21st, 22nd and 23rd days of May, 1964, and there being no just reason for delay in entry of a final judgment in the issue so far tried and such a final judgment is in order under Rule 54(b) of the Federal Rules of Civil Procedure, it is hereby decreed, ordered and adjudged:

1. Defendant owns the mark "Tillamook" for cheese.

[4]Whatever may be the ultimate result of having two marketing agents of the Grade A fluid-milk products of Tillamook County, I can make no prognosis, but I do know that the favorable and heretofore nationwide premium market for cheese marketed under the brand "Tillamook" cannot survive under two competing marketing agencies. When the servant takes over the role of the master, the house becomes divided and there is but one inevitable result. The 20-day delay in the entry of final judgment is for the hopeful purpose that the parties can settle upon a single marketing agent to market the cheese produced in Tillamook County under the famous brand of "Tillamook."

2. Defendant has the full right to use the mark "Tillamook" on cheese.

3. Defendant has not by its sale of cheese infringed any trademark rights of plaintiff.

4. Defendant by its sale of cheese is not guilty of unfair competition in its competition with plaintiff.

5. Plaintiff holds any trademark rights, including U. S. Registration No. 533,033 and Oregon Registration No. 9,842, it may have in the mark "Tillamook" in trust for the defendant and for those members of plaintiff who were (and continue as) members in good standing of plaintiff at the time of defendant's withdrawal from membership.

6. Plaintiff, its agents, servants, employees, privies, successors or assigns, and all holding by, through or under them, and all in active concert or participating with them, are hereby permanently enjoined, directly or indirectly, from:

(a) threatening others, including defendant's brokers, dealers, distributors, customers and potential customers, with action for unfair competition in connection with trademark infringement of the trademark "Tillamook" in connection with the marketing of cheese by defendant;

(b) telling or asserting to others, including defendant's brokers, dealers, distributors, customers and potential customers, that defendant may not mark its cheese with the trademark "Tillamook" and sell such cheese, or that defendant may not advertise that its cheese is from Tillamook County or

Tillamook, Oregon, or that is in anywise inproper [sic] for defendant to use its corporate name "Tillamook Cheese and Dairy Association" upon its cheese or in connection with the marketing thereof;

(c) instituting any action for trademark infringement of or for unfair competition in connection with the trademark "Tillamook" and any registration obtained thereon by plaintiff, in connection with the marketing of defendant's cheese.

7. The Court reserves jurisdiction of all issues, claims and counterclaims raised by the pleadings in this case, except the issues determined by this decree.

8. The temporary injunction of March 27, 1964 is hereby dissolved.

9. The taxation of costs to the defendant are deferred until a determination has been made on the remaining issues, claims and counterclaims of this case.

APPENDIX B

FIRST OPINION OF THE COURT OF APPEALS

No. 19,565

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

TILLAMOOK COUNTY CREAMERY ASSOCIATION,

Appellant,

vs.

TILLAMOOK CHEESE AND DAIRY ASSOCIATION,

Appellee.

[Apr. 7, 1965]

Upon Appeal From the Judgment of the United States District Court for the District of Oregon.

Before POPE, HAMLEY and ELY, Circuit Judges.
POPE, Circuit Judge.

The appellant, as plaintiff below, brought this action alleging that it had adopted as a trade-mark in April, 1918, the name "Tillamook" for cheese and other dairy products which it sold and marketed and thereby became the owner of said trade-mark. On November 7, 1950, plaintiff registered under United States Trade-Mark Registration No. 533,033, the name "Tillamook" for cheese and butter. The complaint alleged that this trade-mark came to be associated in the trade and in the mind of the purchasing public with diary products, particularly cheese, originating with plaintiff; that thereafter the appellee, defendant below, sold and marketed cheese under its name "Tillamook Cheese and Dairy

Association" and the name "Premium Brand"; that the label and name used by defendant was capable of misleading and it has deceived and confused the buying public causing it to believe it is buying plaintiff's product; that defendant was using the words "Tillamook Cheese" on its letterheads and has been marketing cheese under that name. This, it is alleged, constituted trade-mark infringement and unfair competition and has caused great harm to plaintiff and to its trade-mark. The complaint asked for an injunction restraining the defendant from using the name "Tillamook" in connection with the marketing and sale of cheese.

After trial, before the court, the court made findings and conclusions and entered a decree holding that the defendant owns and has the full right to use the mark "Tillamook" on cheese; that the defendant had not infringed any trade-mark rights of the plaintiff, and it had not been guilty of any unfair competition. The court enjoined the plaintiff from threatening others, including customers of the defendants, with any action for unfair competition or trade-mark infringement on account of the name "Tillamook" in connection with the marketing of cheese and from asserting that the defendant may not market its cheese with the trade-mark "Tillamook" or sell such cheese, and from instituting any action based on the trade-mark infringement or unfair competition in connection with the trade-mark "Tillamook". This appeal followed.[1]

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[1]Some other issues not material here were reserved for trial and determination at a later time but the court made a part of its judgment the determination that there was no just reason for delay under Rule 54(b) of F.R.C.P.

The facts in the case are not in dispute and substantially all of them were set forth as agreed facts in the pretrial order. As there disclosed, in 1895 a corporation organized under the laws of the State of Oregon with the name "Tillamook Creamery" began the manufacture and sale of cheese under that name in Tillamook County, Oregon, a county in which production of dairy products for the manufacture of cheese was a principal industry. From the time of its organization in 1895 until 1949, that Tillamook Creamery manufactured and sold cheese under that name. In 1949, an Oregon cooperative corporation was formed under the name "Tillamook Cheese Association" which became the successor to Tillamook Creamery and three other cheese or creamery associations which were Oregon cooperative corporations. In 1962, this Tillamook Cheese Association, and a certain fluid milk shippers association, were consolidated as an Oregon cooperative corporation under the defendant's present name Tillamook Cheese and Dairy Association. It thus appears that Tillamook Cheese Association became the successor of the original Tillamook Creamery and the defendant Tillamook Cheese and Dairy Association in turn became the successor of Tillamook Cheese Association.

In 1909, the plaintiff Tillamook County Creamery Association, a cooperative corporation organized under the laws of Oregon, was formed by a group of cheese producers in Tillamook County for the purpose of inspecting and grading the cheese made by such producers. In 1917, plaintiff's articles were amended and the organization undertook thereafter to market the cheese

produced by its member producers as well as to grade the same, and by 1924 all the cheese produced in Tillamook County, including that of defendant and its predecessor, was being sold through the plaintiff Tillamook County Creamery Association. This continued until 1963 when the defendant Tillamook Cheese and Dairy Association separated from the plaintiff Tillamook County Creamery Association and since that date has been marketing its own cheese as above indicated. It operates a large and substantial cheese plant in Tillamook County, located near the City of Tillamook, Oregon, and for a long period of time, including the time when plaintiff was marketing the defendant's cheese product, defendant's factory was advertised by plaintiff as "The Home" of the Tillamook cheese and a picture of that factory appeared on plaintiff's letterhead. Whether for this or other reasons, the defendant's factory was visited by many thousands of visitors from all over the country.

Since the defendant terminated its membership in the plaintiff organization the plaintiff has continued to represent six other members who operated cheese plants in Tillamook County. Plaintiff has never itself manufactured any cheese and it owns no plant for that purpose.

We start here with the self-evident proposition that before plaintiff may procure an injunction against the defendant's use of the name or mark here in issue, plaintiff must establish its exclusive right to the trade mark "Tillamook" on the strength of its own title. In undertaking to establish such a case, the plaintiff is

confronted with a number of difficulties. The fact that plaintiff procured registration of its so-called trade-mark does not carry plaintiff over its difficulty because it is elementary that a trade-mark right is not acquired by registration. A right to a trade-mark stems from prior appropriation and use.[2] This is recognized in the Lanham Act itself, 60 Stat. 446, § 49, reading as follows: "Sec. 49. Preservation of Existing Rights. Nothing herein shall adversely affect the rights or the enforcement of rights in marks acquired in good faith prior to the effec-

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[2] The trial court's opinion takes note of this rule in the following quotations: ". . . Federal registration does not create a trade-mark. The trade-mark comes from use, not registration, and the right to it is in the nature of a property right based on common law." Campbell Soup Company v. Armour and Company, 175 F.2d 795 (3rd Cir. 1949).

". . . in the United States the exclusive right to the use of a trade-mark has always rested and still rests upon the common law." 1 Nims, Unfair Competition and Trademarks, § 185, p. 511 (4th Ed. 1947).

". . . under accepted theory, a trade-mark right is not acquired by registration. The entire system of trade-mark property and protection was recognized by the common law in England and the United States. It existed long before the Federal Trademark Act, and has remained in full force since its passage." Callmann, Unfair Competition and Trade-marks, 2d Ed. Vol. 4, p. 2006 (1950).

"The right to a trade-mark does not depend upon the statutory enactments. It stems from common law and is perfected by prior appropriation and use. Therefore, registration is not controlling in a suit involving common law rights to a registered mark or in a suit for unfair competition arising out of its use." Callmann, supra, 2068.

In accord with the authorities cited by the trial judge, are Armstrong Co. v. Nu-Enamel Corp., 305 U.S. 315, 324, 333; Brown & Bigelow v. B. B. Pen Co., 8 cir., 191 F.2d 939, 942; Best & Co. v. Miller, 2 cir., 167 F.2d 374, 376; Huber Baking Company v. Stroehmann Bros. Company, 2 cir., 252 F.2d 945, 955.

Many cases are collected in Callmann's text, supra, § 97.3 (a) pp. 2066, et seq.

tive date of this Act."[3]

Therefore, assuming that the name "Tillamook" can possibly meet the standards and requirements of a valid trade-mark, it is plain that if the defendant first adopted, used and acquired "Tillamook" as a trade-mark, and if it did not by subsequent acts or conduct lose that trade-mark, then the plaintiff's use of that name and mark from 1918 on, as well as its registration of the mark in 1950, could not operate to deprive the defendant of its prior rights to the use thereof.

This is what the trial court decided and found. The court found that "For some years prior to 1913 and continuously thereafter until approximately 1918, [defendant's] predecessor actually designated, appropriated and used the word 'Tillamook' as a brand name and trade-mark in connection with the marketing of its cheese and branded such cheese on the rind with the mark 'Tillamook.'" The court also held that during the time that plaintiff was marketing defendant's cheese it was "merely an agent or servant for the various factories, without which plaintiff would have no purpose or mission in life." During this period plaintiff "sold the cheese of its factory-members under the brand 'Tillamook' for the benefit of its members." It held that the

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[3] Another portion of that act which suggests the same rule is § 2(d) (15 U.S.C. § 1052(d)) which provides that registration must be refused where the mark "[c]onsists of or comprises a mark which so resembles a mark registered in the Patent Office *or a mark or trade mark previously used in the United States by another* and not abandoned, as to be likely, when applied to the goods of the applicant, to cause confusion, or to cause mistake, or to deceive." (Emphasis added.)

registration of the trade-mark by plaintiff was with the consent and acquiescence of its predecessor "solely for the purpose of giving plaintiff's members . . . the increased benefit and protection offered by registration . . . in connection with the marketing of the members' cheese."[4]

Essentially the trial court has found that assuming the propriety and validity of the trade-mark "Tillamook", that trade-mark was first acquired and used by the predecessors of the defendant prior to 1913, and prior to the time when plaintiff came into existence. It found, correctly we think, that the defendant never lost its common law rights to that trade-mark and that nothing which has occurred would operate to estop defendant from continuing to claim and use its trade-mark. Accordingly, we are of the opinion that the court correctly held that the defendant owns the mark "Tillamook" for cheese; that it has a further right to use the same, and that it has not infringed any trade-mark right which the plaintiff may have.

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[4] The court also found that plaintiff never acquired from defendant or its predecessors the right to use the word "Tillamook" as a brand or trade-mark; that the defendant had the right to terminate its marketing agreement with plaintiff and sell its own cheese through another agent; that the defendant's "Premium Brand" label did not and is not likely to cause confusion in the trade; that no acts or things done by the defendant had caused the plaintiff to change its position or jeopardize its right and privilege to make use of the registered brand "Tillamook" for marketing the cheese of its members; that neither the defendant nor its predecessors had been divested of its ownership of the common law right to the trade name Tillamook in connection with the marketing of its cheese; that the defendant was not estopped from proving its common law rights to the trade-mark Tillamook; that the defendant has the right to use its trade name "Tillamook Cheese and Dairy Association" in connection with the sale of its cheese and other dairy products; and that such use does not infringe any of the plaintiff's rights.

Appellant asserts that since it had been selling all of the Tillamook County cheese, including that of the defendant's, during the period 1918 to 1963, and since during this time the defendant made no objections to what plaintiff was doing and never made any claim of ownership in the trademark, defendant is now estopped from claiming any ownership through its predecessors prior to 1918.

Appellant asserts that its position is commanded by the decision in Holly Hill Citrus Growers Ass'n. v. Holly Hill Fruit Prod., 5 cir., 75 F.2d 13, and by Pacific Supply Co-op. v. Farmers Union Central Exch., Inc., 9 cir., 318 F.2d 894. We agree with the trial judge that these cases are distinguishable on their facts. In the Holly Hill case, the earlier company which used certain trademarks later organized Fruit Products, and the latter for a cash consideration purchased from the former the first company's "business, trade-mark business and good will, all the labels, the die and other physical properties." The trial court found that no such transaction occurred here.

In Pacific Supply Co-op., supra, plaintiff asserted an exclusive license to use certain registered trade-marks through use, practices and customs of the parties. However, it pleaded that it was a licensee of the defendant and that the defendant was the owner of the trademarks. This was stipulated and admitted, and of course judgment had to go against the plaintiff. No such admission was made by the defendant here.

The appellant asserts further that the defendant abandoned its original trade-mark rights. However, ap-

pellant made no claim of abandonment in the court below and no such claim was stated to be an issue in the case. Accordingly no specific finding on the question of abandonment was made by the trial court and it is doubtful if appellant can make this claim of abandonment for the first time upon this appeal. In any event, it is plain that no showing of abandonment has been made here for the reason that to prove abandonment there must be proof of an intent to abandon, National Lead Co. v. Wolfe, 9 cir., 223 F.2d 195, 205, and there was no such showing here. In effect the intent to abandon here is negatived by the trial court's finding that the use of the name "Tillamook" by plaintiff, when plaintiff was acting as selling agent, was as agent for the defendant and its other predecessor members and "for the benefit of its members." See Saxlehner v. Eisner & Mendelson Co., 179 U.S. 19, 31. Ever since a date prior to 1913, there has never been a time when defendant's product has not carried the name Tillamook.[5]

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[5] A comment under § 756 of the Restatement of the Law of Torts, (p. 681) appears to describe the situation which we have here as follows: "Exclusive distribution. The rule stated in this Section applies also to the situation in which one having a trademark or trade name for goods makes another the exclusive distributor of those goods, as, for example, where A, the manufacturer of the 'X' camera, appoints B the exclusive distributor of 'X' cameras at wholesale. In such a case, A does not transfer his entire right to B, but he does transfer to B an interest in the 'X' mark which is protected against infringement. One who thereafter uses the mark on other cameras is subject to liability to both A and B. Such an appointment for exclusive distribution may be limited as to time or territory, or it may be unlimited. The rule stated in this Section applies so long as a valid arrangement of this character exists. When the arrangement is properly terminated, the exclusive right reverts to the manufacturer."

Without basing any special argument thereon or seeming to attach significance to it, the appellant suggests that since it had filed the required affidavit under the Lanham Act, 15 U.S.C. 1065, it had obtained incontestibility [sic] of that registration.[6] Appellant properly refrains from arguing that this incontestability provision aids it in its action. There is no attempt here to deny the right of the plaintiff to continue to use the name or mark "Tillamook". All that is involved here is the plaintiff's attempt to enjoin the defendant from using its own name on its cheese in the manner previously described, and the right of the defendant to require the appellant to cease from its harassing tactics by which it attempts to prevent customers from purchasing the defendant's product. The provision relating to incontestability is a defensive provision; it has no offensive effect. If plaintiff has attained incontestability of its mark, its registration could not be cancelled by a proceeding to cancel the the same. But this does not aid the plaintiff in any claim that it has an exclusive right to the name or mark or that it may rely on the same as a basis for an injunc-

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[6] That section provides in part as follows: "Except on a ground for which application to cancel may be filed at any time under subsections (c) and (e) of section 1064 of this title, and except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of the publication under this chapter of such registered mark, the right of the registrant to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable: Provided, That . . . (4) no incontestable right shall be acquired in a mark which is the common descriptive name of any article or substance, patented or otherwise."

tion against the defendant. In John Morrell & Co. v. Reliable Packing Co., 7 cir., 295 F.2d 314, 316, the court said of incontestability: "This section [15 U.S.C. § 1115] was intended to protect a registrant from having its mark cancelled by a prior user claiming superior rights." The court then went on quoting from other authority: "'These statements seem to reflect a misconception of the effect of a registration of a mark, the right to the use of which has become incontestable. The effect of "incontestability" is a defensive and not an offensive effect.'"[7]

If the appellant were to press more vigorously its contention that it has some additional standing by reason of the incontestability clause, it might find itself confronted with an additional objection to its standing here, although one that the trial court did not undertake to pass upon. § 33 of the Lanham Act (15 U.S.C. § 1115), which defines the effect and consequences of registration and the incontestability of a registration, notes that incontestability cannot be asserted in certain cases, including the case where it appears "(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a trade or service mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is de-

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[7] See also Callmann, Unfair Competition and Trade-Marks, 2d Ed., Vol. 4, § 93.3 (c) (1), pp. 2075-2076: "However the incontestability clause merely precludes an attack upon the validity of a registration after a certain period of time, and it should not be revocable as an aggressive device and in aid of unfair competition or to shield any inherently defective mark."

scriptive of and used fairly and in good faith only to describe to users the goods or services of such party, *or their geographic origin.*" (Emphasis added.)

Were the issues so framed, the appellant might be confronted with the proposition that the name or mark "Tillamook" was nothing more than an indication of geographic origin and that no person could acquire any right to such a name sufficient to exclude any other person producing cheese in Tillamook County from the use of that name. In North American Air Sys. v. North American Aviation, 9 cir., 231 F.2d 205, 210, this court stated: "Geographic names which have connotations of the place of use or manufacture are generally subject to use by all persons or concerns who manufacture or operate in the area. Such a name is in the public domain." Also in National Lead Company v. Wolfe, supra, at p. 200, this court noted the same rule, saying: "Thus one who manufactures paint in Holland cannot be restrained from selling his product as 'Dutch' paint any more than a watch manufacturer in Switzerland can be prevented from selling his 'Swiss' watches."

The trial judge in this case did not undertake to inquire into the question of the validity of "Tillamook" as a trade-mark and made no finding as to whether that name or mark had acquired a secondary significance in the sense discussed by the court in North American Air Sys. v. North American Aviation, supra.[8]

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[8] In a footnote to its opinion the court stated: "I will assume, without deciding, the validity of the registered trademark 'Tilla-

Because the trial court assumed without deciding that "Tillamook" could be a valid trade-mark, (it was not and did not purport to be either a collective or a certification mark under 15 U.S.C. 1054), it had no occasion to refer to some significant decisions in this area including Castner v. Coffman, 178 U.S. 168;[9] Elgin

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mook' (for cheese and butter) under the certificate No. 533,033 and grant it is statutory presumption-of-validity status. If called upon to do so, I would find under the evidence that the trademark 'Tillamook,' when used in connection with the marketing of cheese, has acquired a secondary significance in the kind and quality of cheese so branded within the purview and holdings of Phillips v. The Governor & Co., etc., 79 F.2d 971 (9th Cir. 1935); North American Air Sys. v. North American Aviation, 231 F.2d 205 (9th Cir. 1955); and McCabe-Powers Auto Body Co. v. American Truck Equip Co., 150 F. Supp. 194 (D. Or. 1957)."

This suggested finding would fall far short of a finding of secondary meaning. If, as suggested, Tillamook has acquired a "significance in the kind and quality of cheese," that would no more indicate a secondary significance for trade-mark purposes than the name "Singer" for sewing machines or "aspirin" for a type of kind of medicine. In order to establish a secondary meaning for the name it would be necessary to demonstrate that the buying public identified the name "Tillamook" with appellant. Identifying it only as a certain kind of cheese would not suffice to support a finding of secondary meaning.

[9] The plaintiff claimed that it possessed and had the exclusive right to use the word "Pocahontas" as a trade-mark or name to designate a character and quality of coal dealt in by it. For a period of years plaintiff had been the general coal agent for the sale of the product of all mines upon a certain seam or vein of coal generally known and designated as "Pocahontas" coal. Under the agreement with various collieries taking coal from the same seam, known as the Pocahontas Bed, these plaintiffs had marketed all of that coal as Pocahontas Coal, and the coal mined from that vein had become well and favorably known as of high grade and good quality. When this arrangement was first made all the coal taken from this seam from whatever colliery was known as "Pocahontas". As stated by the Court (p. 180): "[T]he name Pocahontas indicated the region from which the coal in question came and the natural quality thereof, and applied indiscriminately to the product of all the mines in that region producing that character of coal." Included in the coal which the plaintiffs had sold as general coal agents was coal derived from the

Nat'l Watch Co. v. Illinois Watch Co., 179 U.S. 665;[10] and Wyatt v. Mammoth Cave Development Co., 6 cir., 26 F.2d 322.

We assume that the cases to which we have just referred could be relied upon by the appellee here to sustain the judgment notwithstanding they do not appear to be the theory upon which the trial court arrived at its conclusion. Gulf Mobile & Ohio R. Co. v. Williamson, 8 cir., 191 F.2d 887, 893; Peters v. Fitzpatrick, 7 cir., 310 F.2d 704; White v. Higgins, 1st cir., 116 F.2d 312. But we do not affirm on that ground as in our view the findings and conclusions of the trial court were adequate, in no sense erroneous, and they fully sustain the judgment.

Indian Ridge Mine. Thereafter defendant acquired that mine and undertook to sell its product as Pocahontas coal and this led to the action for an injunction. While acting as general agents plaintiffs inspected and graded the product of the mines which it was claimed enhanced the value and reputation of the coal. The Court affirmed the dismissal of the appeal on the ground that "no exclusive right to the trade-mark or trade name Pocahontas exists in the complainants."

[10] The Elgin Watch Company manufactured watches at Elgin, Illinois. In 1868 it adopted and used the trade-mark "Elgin". At that time no other person manufacturing watches used that name. Its complaint alleged that its watches had achieved a great reputation throughout the world which was of great commercial value; that in 1892, it had registered the trade-mark in the patent office; it charged that defendant Illinois Watch Co. had infringed the rights of Elgin by affixing the word "Elgin" to watch cases made and sold by defendant, whose principal place of business was at Elgin also. The court held that the general rule applied, and that (p. 677): ". . . this geographical name could not be employed as a trade-mark and its exclusive use vested in appellant, and that it was not properly entitled to be registered as such." The result was that the registration being invalid, and since there was no diversity of citizenship, the lower court had no jurisdiction, and hence the appeal was properly dismissed.

In view of these findings the court properly directed that plaintiff be enjoined and restrained from threatening others with actions for unfair competion in connection with their handling of the defendant's cheese bearing the trade-mark "Tillamook" and from making the assertion to others that the defendant may not use this mark or advertise that its cheese is from Tillamook County or Tillamook, Oregon, and also from instituting any action for trade-mark infringment or unfair competition in connection with the trade-mark Tillamook or with the defendant's marketing of its cheese.

The judgment is affirmed.

APPENDIX C

ORDER ON PETITION FOR REHEARING EN BANC

No. 19,565

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

TILLAMOOK COUNTY CREAMERY ASSOCIATION,

Plaintiff-Appellant,

vs.

TILLAMOOK CHEESE AND DAIRY ASSOCIATION,

Defendant-Appellee.

ON PETITION FOR REHEARING

Before POPE, HAMLEY and ELY, Circuit Judges.

PER CURIUM

Appellant has filed a petition for rehearing in which special exception is taken to the remarks in the court's opinion concerning the use of geographic words as trade-marks. The court was careful to state expressly that we did not rely upon the decisions relating to the use of geographic words as trade-marks as a basis for the decision and expressly stated that we did not affirm the trial court's decision on that ground.

The only occasion for our reference to the use of a name referring to the geographic origin of the goods was in noting that §33 of the Lanham Act, referring to the incontestability of a registration, contains subdivision (4) which indicates that a claim of incontesta-

bility cannot be asserted in respect to the use of a name to describe goods with reference to their geographic origin.

In view of the apparent misunderstanding of the import of our opinion, IT IS ORDERED that the opinion as filed and printed in the slip sheet copy be amended as follows:

1. Immediately following the citation of Saxlehner v. Eisner & Mendelson Co., 179 U.S. 19, 31, (p. 7 of the slip opinion) insert the following: "And see Castner v. Coffman, 178 U.S. 168, 184, where the Court said: 'Certainly, the agent cannot be heard to say that he may appropriate to himself the name belonging to the product of his principal, or that he may affix the name to coal for his own purposes, and not for the benefit and advantage of his principal.' "

2. Strike out all of footnotes 9 and 10 of the opinion and strike out the next to the last full paragraph of the opinion (beginning with the words "We assume that the cases" and concluding with the words "sustain the judgment" and insert in lieu thereof the following: "Because no such issue was made or relied upon in the court below we do not decide whether the cases just cited would be applicable here. Nor do we hold that a name, originally descriptive of a geographical area, may not acquire a secondary meaning as identifying a particular producer. We merely hold that a claim of incontestability cannot be made here, for the reasons above indicated. In our view the findings and conclu-

sions of the trial court were adequate, in no sense erroneous, and they fully sustain the judgment."

The petition for rehearing is denied, and the suggestion for rehearing en banc is denied.

/s/ WALTER L. POPE
/s/ FREDERICK G. HAMLEY
United States Circuit Judges

Filed May 20, 1965
FRANK H. SCHMID, Clerk.

APPENDIX D

SECOND OPINION OF THE COURT OF APPEALS

No. 19,565

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

TILLAMOOK COUNTY CREAMERY ASSOCIATION,
Appellant,

vs.

TILLAMOOK CHEESE AND DAIRY ASSOCIATION,
Appellee.

[Apr. 7, 1965]

As amended May 20, 1965.

Upon Appeal From the Judgment of the United States District Court for the District of Oregon.

Before POPE, HAMLEY and ELY, Circuit Judges.

POPE, Circuit Judge.

The appellant, as plaintiff below, brought this action alleging that it had adopted as a trade-mark in April, 1918, the name "Tillamook" for cheese and other dairy products which it sold and marketed and thereby became the owner of said trade-mark. On November 7, 1950, plaintiff registered under United States Trade-Mark Registration No. 533,033, the name "Tillamook" for cheese and butter. The complaint alleged that this trade-mark came to be associated in the trade and in the mind of the purchasing public with dairy products, particularly cheese, originating with plaintiff; that thereafter the appellee, defendant below, sold and mar-

keted cheese under its name "Tillamook Cheese and Dairy Association" and the name "Premium Brand"; that the label and name used by defendant was capable of misleading and it has deceived and confused the buying public causing it to believe it is buying plaintiff's product; that defendant was using the words "Tillamook Cheese" on its letterheads and has been marketing cheese under that name. This, it is alleged, constituted trade-mark infringement and unfair competition and has caused great harm to plaintiff and to its trade-mark. The complaint asked for an injunction restraining the defendant from using the name "Tillamook" in connection with the marketing and sale of cheese.

After trial, before the court, the court made findings and conclusions and entered a decree holding that the defendant owns and has the full right to use the mark "Tillamook" on cheese; that the defendant had not infringed any trade-mark rights of the plaintiff, and it had not been guilty of any unfair competition. The court enjoined the plaintiff from threatening others, including customers of the defendants, with any action for unfair competition or trade-mark infringement on account of the name "Tillamook" in connection with the marketing of cheese and from asserting that the defendant may not market its cheese with the trade-mark "Tillamook" or sell such cheese, and from instituting any action based on the trade-mark infringement or unfair competition in connection with the trade-mark "Tillamook". This appeal followed.[1]

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[1] Some other issues not material here were reserved for trial

The facts in the case are not in dispute and substantially all of them were set forth as agreed facts in the pretrial order. As there disclosed, in 1895 a corporation organized under the laws of the State of Oregon with the name "Tillamook Creamery" began the manufacture and sale of cheese under that name in Tillamook County, Oregon, a county in which production of dairy products for the manufacture of cheese was a principal industry. From the time of its organization in 1895 until 1949, that Tillamook Creamery manufactured and sold cheese under that name. In 1949, an Oregon cooperative corporation was formed under the name "Tillamook Cheese Association" which became the successor to Tillamook Creamery and three other cheese or creamery associations which were Oregon cooperative corporations. In 1962, this Tillamook Cheese Association, and a certain fluid milk shippers association, were consolidated as an Oregon cooperative corporation under the defendant's present name Tillamook Cheese and Dairy Association. It thus appears that Tillamook Cheese Association became the successor of the original Tillamook Creamery and the defendant Tillamook Cheese and Dairy Association in turn became successor of Tillamook Cheese Association.

In 1909, the plaintiff Tillamook County Creamery Association, a cooperative corporation organized under the laws of Oregon, was formed by a group of cheese producers in Tillamook County for the purpose of in-

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and determination at a later time but the court made a part of its judgment the determination that there was no just reason for delay under Rule 54(b) of F.R.C.P.

specting and grading the cheese made by such producers. In 1917, plaintiff's articles were amended and the organization undertook thereafter to market the cheese produced by its member producers as well as to grade the same, and by 1924 all the cheese produced in Tillamook County, including that of defendant and its predecessor, was being sold through the plaintiff Tillamook County Creamery Association. This continued until 1963 when the defendant Tillamook Cheese and Dairy Association separated from the plaintiff Tillamook County Creamery Association and since that date has been marketing its own cheese as above indicated. It operates a large and substantial cheese plant in Tillamook County, located near the City of Tillamook, Oregon, and for a long period of time, including the time when plaintiff was marketing the defendant's cheese product, defendant's factory was advertised by plaintiff as "The Home" of the Tillamook cheese and a picture of that factory appeared on plaintiff's letterhead. Whether for this or other reasons, the defendant's factory was visited by many thousands of visitors from all over the country.

Since the defendant terminated its membership in the plaintiff organization the plaintiff has continued to represent six other members who operated cheese plants in Tillamook County. Plaintiff has never itself manufactured any cheese and it owns no plant for that purpose.

We start here with the self-evident proposition that before plaintiff may procure an injunction against the defendant's use of the name or mark here in issue, plaintiff must establish its exclusive right to the trade

mark "Tillamook" on the strength of its own title. In undertaking to establish such a case, the plaintiff is confronted with a number of difficulties. The fact that plaintiff procured registration of its so-called trade-mark does not carry plaintiff over its difficulty because it is elementary that a trade-mark right is not acquired by registration. A right to a trade-mark stems from prior appropriation and use.[2] This is recognized in the Lanham Act itself, 60 Stat. 446 § 49, reading as follows: "Sec. 49. Preservation of Existing Rights. Nothing herein shall adversely affect the rights or the enforcement of

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[2] The trial court's opinion takes note of this rule in the following quotations: ". . . Federal registration does not create a trade-mark. The trade-mark comes from use, not registration, and the right to it is in the nature of a property right based on common law." Campbell Soup Company v. Armour and Company, 175 F.2d 795 (3rd Cir. 1949).

". . . in the United States the exclusive right to the use of a trade-mark has always rested and still rests upon the common law." 1 Nims, Unfair Competition and Trademarks, § 185, p. 511 (4th Ed. 1947).

". . . under accepted theory, a trade-mark right is not acquired by registration. The entire system of trade-mark property and protection was recognized by the common law in England and the United States. It existed long before the Federal Trademark Act, and has remained in full force since its passage." Callmann, Unfair Competition and Trade-marks, 2d Ed. Vol. 4, p. 2066 (1950).

"The right to a trade-mark does not depend upon the statutory enactments. It stems from common law and is perfected by prior appropriation and use. Therefore, registration is not controlling in a suit involving common law rights to a registered mark or in a suit for unfair competition arising out of its use." Callmann, supra, 2068.

In accord with the authorities cited by the trial judge, are Armstrong Co. v. Nu-Enamel Corp., 305 U.S. 315, 324, 333; Brown & Bigelow v. B. B. Pen Co., 8 cir., 191 F.2d 939, 942; Best & Co. v. Miller, 2 cir., 167 F.2d 374, 376; Huber Baking Company v. Stroehmann Bros. Company, 2 cir., 252 F.2d 945, 955.

Many cases are collected in Callmann's text, supra, § 97.3 (a) pp. 2066, et seq.

rights in marks acquired in good faith prior to the effective date of this Act."[3]

Therefore, assuming that the name "Tillamook" can possibly meet the standards and requirements of a valid trade-mark, it is plain that if the defendant first adopted, used and acquired "Tillamook" as a trade-mark, and if it did not by subsequent acts or conduct lose that trade-mark, then the plaintiff's use of that name and mark from 1918 on, as well as its registration of the mark in 1950, could not operate to deprive the defendant of its prior rights to the use thereof.

This is what the trial court decided and found. The court found that "For some years prior to 1913 and continuously thereafter until approximately 1918, [defendant's] predecessor actually designated, appropriated and and used the word 'Tillamook' as a brand name and branded such cheese on the rind with the mark 'Tillamook.'" The court also held that during the time that plaintiff was marketing defendant's cheese it was "merely an agent or servant for the various factories, without which plaintiff would have no purpose or mission in life." During this period plaintiff "sold the cheese of its factory-members under the brand 'Tillamook' for the benefit of its members." It held that the

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[3] Another portion of that act which suggests the same rule is § 2(d) (15 U.S.C. § 1052(d)) which provides that registration must be refused where the mark "[c]onsists of or comprises a mark which so resembles a mark registered in the Patent Office or a *mark or trade mark previously used in the United States by another* and not abandoned, as to be likely, when applied to the goods of the applicant, to cause confusion, or to cause mistake, or to deceive." (Emphasis added.)

registration of the trade-mark by plaintiff was with the consent and acquiescence of its predecessor "solely for the purpose of giving plaintiff's members . . . the increased benefit and protection offered by registration . . . in connection with the marketing of the members' cheese."[4]

Essentially the trial court has found that assuming the propriety and validity of the trade-mark "Tillamook", that trade-mark was first acquired and used by the predecessors of the defendant prior to 1913, and prior to the time when the plaintiff came into existence. It found, correctly we think, that the defendant never lost its common law rights to that trade-mark and that nothing which has occurred would operate to estop defendant from continuing to claim and use its trade-mark. Accordingly, we are of the opinion that the court correctly held that the defendant owns the mark "Tillamook" for cheese; that it has a further right to use the same, and that it has not infringed any trade-

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[4] The court also found that plaintiff never acquired from defendant or its predecessors the right to use the word "Tillamook" as a brand or trade-mark; that the defendant had the right to terminate its marketing agreement with plaintiff and sell its own cheese through another agent; that the defendant's "Premium Brand" label did not and is not likely to cause confusion in the trade; that no acts or things done by the defendant had caused the plaintiff to change its position or jeopardize its right and privilege to make use of the registered brand "Tillamook" for marketing the cheese of its members; that neither the defendant nor its predecessors had been divested of its ownership of the common law right to the trade name Tillamook in connection with the marketing of its cheese; that the defendant was not estopped from proving its common law rights to the trade-mark Tillamook; that the defendant has the right to use its trade name "Tillamook Cheese and Dairy Association" in connection with the sale of its cheese and other dairy products; and that such use does not infringe any of the plaintiff's rights.

mark right which the plaintiff may have.

Appellant asserts that since it had been selling all of the Tillamook County cheese, including that of the defendant's, during the period 1918 to 1963, and since during this time the defendant made no objections to what plaintiff was doing and never made any claim of ownership in the trademark, defendant is now estopped from claiming any ownership through its predecessors prior to 1918.

Appellant asserts that its position is commanded by the decision in Holly Hill Citrus Growers Assn. v. Holly Hill Fruit Prod., 5 cir., 75 F.2d 13, and by Pacific Supply Co-op. v. Farmers Union Central Exch., Inc., 9 cir., 318 F.2d 894. We agree with the trial judge that these cases are distinguishable on their facts. In the Holly Hill case, the earlier company which used certain trade-marks later organized Fruit Products, and the latter for a cash consideration purchased from the former the first company's "business, trade-mark business and good will, all the labels, the die and other physical properties." The trial court found that no such transaction occurred here.

In Pacific Supply Co-op., supra, plaintiff asserted an exclusive license to use certain registered trade-marks through use, practices and customs of the parties. However, it pleaded that it was a licensee of the defendant and that the defendant was the owner of the trade-marks. This was stipulated and admitted, and of course judgment had to go against the plaintiff. No such admission was made by the defendant here.

The appellant asserts further that the defendant abandoned its original trade-mark rights. However, appellant made no claim of abandonment in the court below and no such claim was stated to be an issue in the case. Accordingly no specific finding on the question of abandonment was made by the trial court and it is doubtful if appellant can make this claim of abandonment for the first time upon this appeal. In any event, it is plain that no showing of abandonment has been made here for the reason that to prove abandonment there must be proof of an intent to abandon, National Lead Co. v. Wolfe, 9 cir., 223 F.2d 195, 205, and there was no such showing here. In effect the intent to abandon here is negatived by the trial court's finding that the use of the name "Tillamook" by plaintiff, when plaintiff was acting as selling agent, was as agent for the defendant and its other predecessor members and "for the benefit of its members." See Saxlehner v. Eisner & Mendelson Co., 179 U. S. 19, 31. And see Castner v. Coffman, 178 U.S. 168, 184, where the Court said: "Certainly, the agent cannot be heard to say that he may appropriate to himself the name belonging to the product of his principal, or that he may affix the name to coal for his own purposes, and not for the benefit and advantage of his principal." Ever since a date prior to 1913, there has never been a time when defendant's product has not carried the name Tillamook.[5]

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[5] A comment under § 756 of the Restatement of the Law of Torts, (p. 681) appears to describe the situation which we have here as follows: "Exclusive distribution. The rule stated in this Section applies also to the situation in which one having a trade-

Without basing any special argument thereon or seeming to attach significance to it, the appellant suggests that since it had filed the required affidavit under the Lanham Act, 15 U.S.C. 1065, it had obtained incontestibility [sic] of that registration.[8] Appellant properly refrains from arguing that this incontestability provision aids it in its action. There is no attempt here to deny the right of the plaintiff to continue to use the name or mark "Tillamook". All that is involved here is the plaintiff's attempt to enjoin the defendant from using its own name on its cheese in the manner previously described, and the right of the defendant to require the appellant to cease from its harassing tactics by which

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mark or trade name for goods makes another the exclusive distributor of those goods, as, for example, where A, the manufacturer of the 'X' camera, appoints B the exclusive distributor of 'X' cameras at wholesale. In such a case, A does not transfer his entire right to B, but he does transfer to B an interest in the 'X' mark which is protected against infringement. One who thereafter uses the mark on other cameras is subject to liability to both A and B. Such an appointment for exclusive distribution may be limited as to time or territory, or it may be unlimited. The rule stated in this Section applies so long as a valid arrangement of this character exists. When the arrangement is properly terminated, the exclusive right reverts to the manufacturer."

[8] That section provides in part as follows: "Except on a ground for which application to cancel may be filed at any time under subsections (c) and (e) of section 1064 of this title, and except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of the publication under this chapter of such registered mark, the right of the registrant to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable: Provided, That . . . (4) no incontestable right shall be acquired in a mark which is the common descriptive name of any article or substance, patented or otherwise."

it attempts to prevent customers from purchasing the defendant's product. The provision relating to incontestability is a defensive provision; it has no offensive effect. If plaintiff has attained incontestability of its mark, its registration could not be cancelled by a proceeding to cancel the same. But this does not aid the plaintiff in any claim that it has an exclusive right to the name or mark or that it may rely on the same as a basis for an injunction against the defendant. In John Morrell & Co. v. Reliable Packing Co., 7 cir., 295 F.2d 314, 316, the court said of incontestability: "This section [15 U.S.C. § 1115] was intended to protect a registrant from having its mark cancelled by a prior user claiming superior rights." The court then went on quoting from other authority: " 'These statements seem to reflect a misconception of the effect of a registration of a mark, the right to the use of which has become incontestable. The effect of "incontestability" is a defensive and not an offensive effect.' "[7]

If the appellant were to press more vigorously its contention that it has some additional standing by reason of the incontestability clause, it might find itself confronted with an additional objection to its standing here, although one that the trial court did not undertake to pass upon. §33 of the Lanham Act (15 U.S.C. §1115), which defines the effect and consequences of

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[7] See also Callmann, Unfair Competition and Trade-Marks, 2d Ed., Vol. 4, § 93.3 (c) (1), pp. 2075-2076: "However the incontestability clause merely precludes an attack upon the validity of a registration after a certain period of time, and it should not be revocable as an aggressive device and in aid of unfair competition or to shield any inherently defective mark."

registration and the incontestability of a registration, notes that incontestability cannot be asserted in certain cases, including the case where it appears "(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a trade or service mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe to users the goods or services of such party, *or their geographic origin.*" (Emphasis added)

Were the issues so framed, the appellant might be confronted with the proposition that the name or mark "Tillamook" was nothing more than an indication of geographic origin and that no person could acquire any right to such a name sufficient to exclude any other person producing cheese in Tillamook County from the use of that name. In North American Air Sys. v. North American Aviation, 9 cir., 231 F.2d 205, 210, this court stated: "Geographic names which have connotations of the place of use or manufacture are generally subject to use by all persons or concerns who manufacture or operate in the area. Such a name is in the public domain." Also in National Lead Company v. Wolfe, supra, at p. 200, this court noted the same rule, saying: "Thus one who manufactures paint in Holland cannot be restrained from selling his product as 'Dutch' paint any more than a watch manufacturer in Switzerland can be prevented from selling his 'Swiss' watches."

The trial judge in this case did not undertake to in-

quire into the question of the validity of "Tillamook" as a trade-mark and made no finding as to whether that name or mark had acquired a secondary significance in the sense discussed by the court in North American Air Sys. v. North American Aviation, supra.[5]

Because the trial court assumed without deciding that "Tillamook" could be a valid trademark, (it was not and did not purport to be either a collective or a certification mark under 15 U.S.C. 1054), it had no occasion to refer to some significant decisions in this area including Castner v. Coffman, 178 U.S. 168; Elgin Nat'l Watch Co. v. Illinois Watch Co., 179 U.S. 665; and Wyatt v. Mammoth Cave Development Co., 6 cir., 26 F.2d 322.

Because no such issue was made or relied upon in the court below we do not decide whether the cases

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[5] In a footnote to its opinion the court stated: "I will assume, without deciding, the validity of the registered trademark 'Tillamook' (for cheese and butter) under the certificate No. 553,033 and grant it its statutory presumption-of-validity status. If called upon to do so, I would find under the evidence that the trademark 'Tillamook,' when used in connection with the marketing of cheese, has acquired a secondary significance in the kind and quality of the cheese so branded within the purview and holdings of Phillips v. The Governor & Co., etc., 79 F.2d 971 (9th Cir. 1935); North American Air Sys. v. North American Aviation, 231 F.2d 205 (9th Cir. 1955); and McCabe-Powers Auto Body Co. v. American Truck Equip. Co., 150 F. Supp. 194 (D. Or. 1957)." This suggested finding would fall far short of a finding of secondary meaning. If, as suggested, Tillamook has acquired a "significance in the kind and quality of cheese," that would no more indicate a secondary significance for trade-mark purposes than the name "Singer" for sewing machines or "aspirin" for a type or kind of medicine. In order to establish a secondary meaning for the name it would be necessary to demonstrate that the buying public identified the name "Tillamook" with appellant. Identifying it only as a certain kind of cheese would not suffice to support a finding of secondary meaning.

just cited would be applicable here. Nor do we hold that a name, originally descriptive of a geographical area, may not acquire a secondary meaning as identifying a particular producer. We merely hold that a claim of incontestability cannot be made here, for the reasons above indicated. In our view the findings and conclusions of the trial court were adequate, in no sense erroneous, and they fully sustain the judgment.

In view of these findings the court properly directed that plaintiff be enjoined and restrained from threatening others with actions for unfair competition in connection with their handling of the defendant's cheese bearing the trade-mark "Tillamook" and from making the assertion to others that the defendant may not use this mark or advertise that its cheese is from Tillamook County or Tillamook, Oregon, and also from instituting any action for trade-mark infringement or unfair competition in connection with the trade-mark Tillamook or with the defendant's marketing of its cheese.

The judgment is affirmed.

APPENDIX E

JUDGMENT OF THE COURT OF APPEALS

No. 19,565

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

TILLAMOOK COUNTY CREAMERY ASSOCIATION,

Appellant,

vs.

TILLAMOOK CHEESE AND DAIRY ASSOCIATION,

Appellee.

Appeal from the United States District Court for the District of Oregon.

THIS CAUSE came on to be heard on the Transcript of the Record from the United States District Court for the District of Oregon, and was duly submitted.

ON CONSIDERATION WHEREOF, It is now here ordered and adjudged by this Court, that the judgment of the said District Court in this Cause be, and hereby is affirmed.

A TRUE COPY
ATTEST JUNE 15, 1965
/s/ FRANK H. SCHMID, Clerk.

Filed and entered April 7, 1965.

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JOHN F. DAVIS, CLERK

In the Supreme Court
of the United States

OCTOBER TERM, 1965

No. 465

TILLAMOOK COUNTY CREAMERY ASSOCIATION,

Petitioner,

v.

TILLAMOOK CHEESE & DAIRY ASSOCIATION,

Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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TILLAMOOK CHEESE & DAIRY ASSOCIATION,

Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

This case comes before this Court on a Petition by Tillamook County Creamery Association, plaintiff below, for a Writ of Certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit.

OPINIONS BELOW

The opinion of the Court of Appeals for the Ninth Circuit, as amended, is reported at 345 F.2d 158. The opinion of the District Court is reported at 143 U.S.P.Q. 12. No Federal Supplement citation has been located.

JURISDICTION

The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

QUESTIONS PRESENTED

1. Is it not contrary to the most basic precept of trademark law to permit two independent persons in competition with one another to use the same word as a trademark on the same product in the same marketing area?

Question 1 as Restated by Respondent

1. Is it contrary to the basic principles of trademark law for a court to hold that although one party may own a trademark, he may be estopped from asserting it against another, so that the effect is that both parties will be using the mark concurrently in the marketplace?

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2. May a person acquire common law trademark rights in a word without having made substantially exclusive use of the word as a trademark?

Question 2 as Restated by Respondent.

2. May a person acquire common law trademark

NOTE: "Tr. Vol. I" will be used to designate District Court's Clerks Record & Proceedings had in the Court of Appeals—numbered from 1 to 267.

rights in a word by making first use of it, although later he permits another also to use the mark?

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3. Even if a person once acquired common law trademark rights in a word, may he retain such rights where he has long ceased to use the word to distinguish his own products, and has simultaneously permitted another person to make exclusive use of the word as a trademark on the products of various producers selected by the other person?

Question 3 as Restated by Respondent

3. Where a person once acquires common law trademark rights in a word, does he not retain such rights although he designates an agent to use the mark on his behalf and on behalf of others?

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4. Where there has been direct and uncontradicted testimony of confusion in the market with respect to trademarked products, does it not follow that there is a likelihood of confusion?

Question 4 as Restated by Respondent

4. Merely because there might be confusion in the trade, does this prohibit a court from estopping a trademark owner from asserting his rights against another who has made long use of the mark with the acquiescence of such owner?

STATEMENT OF CASE

Respondent is a cheese producer and is an Oregon cooperative corporation whose members are dairy farmers who supply milk to respondent from which respondent makes the cheese it sells. Petitioner is an Oregon cooperative corporation whose sole function is to act as sales *agent*[1] for its members who are cheese producers like respondent, i.e., each being an Oregon cooperative corporation whose members are dairy farmers, etc. Both respondent and petitioner are located in Tillamook County, Oregon, the home of the famous TILLAMOOK cheese.

Respondent's predecessor, Tillamook Creamery, a cooperative corporation, was established about 1895 in Tillamook, Oregon, and made first use of TILLAMOOK as a trademark on cheese that it produced and sold.[2] Respondent's trademark use commenced some years prior to 1913 and continued uninterruptedly thereafter, with respondent making use of one or more sales agents (including petitioner) in marketing its cheese.

Petitioner was first established in 1909 by respondent's predecessor and other cheese producers to serve them as a testing and grading organization, but petitioner was not authorized to sell cheese and did not sell any cheese under any trademark until 1917.[3] In that year respondent's predecessor and the other cheese pro-

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[1] Tr. Vol. I, p. 206 (Finding 17).
[2] Tr. Vol. I, p. 206 (Finding 14).
[3] Tr. Vol. I, pp. 205-6 (Findings 12 and 13).

ducer members of petitioner changed petitioner's articles of incorporation to enable petitioner to also act as a sales agent for them. From about 1917 or 1918 petitioner acted as the exclusive marketing agent for respondent and the other cheese producer members of petitioner until 1963. In selling its members' cheese, petitioner made use of respondent's trademark TILLAMOOK with the permission of respondent.[4]

Petitioner applied for and on November 7, 1950, received from the United States Patent Office, Registration No. 533,033 for the trademark TILLAMOOK for cheese and butter. Its application was with the consent and acquiescence of respondent's predecessor for the purpose of giving all of petitioner's members, including respondent's predecessor, the increased benefit and protection offered by such registration. Indeed the application for registration was executed by one George R. Lawson, who at the time was both secretary of petitioner's association and an officer of respondent's predecessor.

As a result of a serious dispute between respondent and petitioner which developed in the early 1960's, respondent was forced in September 1963 to withdraw as a member of petitioner's association and thereafter sold its cheese with the aid of another sales agent, utilizing the trademark TILLAMOOK in such sales. Petitioner thereupon filed this suit to enjoin respondent from marketing its cheese under the trademark TILLAMOOK.

After a trial, the District Court held that respond-

[4] Tr. Vol. I, p. 207 (Finding 20).

ent's predecessor had acquired in the early 1900's through appropriation and use, common law rights in the trademark TILLAMOOK for cheese produced in Tillamook County; that neither respondent's predecessor nor respondent had ever been divested of such common law rights; and that petitioner, as respondent's *agent*, held the aforesaid trademark registration as trustee[5] for both respondent and petitioner's participating members.

The District Court further found and held that respondent's predecessor, having consented to and acquiesced in the use of, first, the common law trademark, and, later, the registered trademark TILLAMOOK by petitioner on behalf of its other member producers in the marketing of cheese from Tillamook County, should be estopped[6] from denying to petitioner the right to continue such use of the trademark on behalf of those member producers who were (and continued to be) members in good standing of petitioner's association at the time of respondent's withdrawal from membership.

The trial court enjoined petitioner from threatening respondent or others and from instituting any action for infringement or unfair competition with respect to respondent's use of the trademark TILLAMOOK on cheese.

The Ninth Circuit Court of Appeals affirmed the ruling of the District Court in an opinion first filed on April 7, 1965, and later amended on May 20, 1965.

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[5] Tr. Vol. I, p. 207 (Finding 22).

[6] Tr. Vol. I, p. 213 (Conclusion of Law 12).

The Court of Appeals affirmed the trial court's finding that the trademark was used by respondent's predecessor by which it acquired common law rights therein; that respondent never lost its common law rights in such trademark; and that respondent thus owned the mark TILLAMOOK for cheese.

ARGUMENT

I

This is an ordinary trademark case, involving conflicting claims of ownership between a principal (respondent) and its sales agent (petitioner) and also involves questions of estoppel, but no conflict of decisions of Courts of Appeal is present, nor is there any conflict between this decision and prior decisions of this Court.

The petition for certiorari should be denied because this is an ordinary trademark case involving questions of ownership of the trademark TILLAMOOK for cheese. The District Court found, and the Court of Appeals affirmed, that respondent had established common law rights in the trademark TILLAMOOK long before its sales agent, petitioner, ever made any use of the mark, and that respondent was the owner of the mark; that respondent, as principal, made use of petitioner as respondent's sales agent; but that because of the past history and the relationship between the parties and particularly the years of permitted use of the trademark TILLAMOOK by the other cheese producer members of petitioner who were also using petitioner as sales agent, that respondent should be estopped from denying petitioner the right to continue to use the trademark in

connection with the marketing of cheese of those members of petitioner who were (and continued to be) members in good standing at the time of respondent's withdrawal from membership.

No district court other than the District Court below, and no court of appeals other than the Court of Appeals for the Ninth Circuit, has rendered any decision affecting this trademark. Petitioner, therefore, is not asking this court to reconcile conflicting decisions of two or more courts of appeal with respect to the trademark TILLAMOOK.

Furthermore, there is no conflict between the decision of the Ninth Circuit Court of Appeals in this case and prior decisions of this Court, thereby to justify the granting of the Petition for Certiorari.

It follows then, that the only question is whether the decisions of the lower courts in this case are contrary to the basic trademark decisions of this Court. Clearly they are not because there is no doubt that a court can resolve conflicting questions as to the ownership of a particular trademark. There is also no doubt that if in a trademark case there are grounds for an estoppel, the court can deny the trademark owner injunctive relief. Without discussing whether or not the lower courts were right in finding and affirming such an estoppel (it would actually be to respondent's benefit if no estoppel had been found), the fact remains that this Court has held many times that where an estoppel exists, injunctive relief will be denied. *Saxlehner* v. *Eisner*, 179 U.S. 19 (1900); *French Republic* v. *Saratoga*, 191 U.S. 427

(1903). See also Judge Learned Hand's opinion in *Dwinell-Wright Co.* v. *White House Milk Co.*, 132 F.2d 822 (2d Cir. 1943); and *Polaroid Corp.* v. *Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir. 1961).

As this court stated in the *French Republic* v. *Saratoga* case, supra, at pages 436 and 437:

> "A serious difficulty in the way of enforcing an exclusive right on the part of the plaintiffs to the use of the word Vichy is their apparent acquiesence in such use by others. For thirty years the defendant, the Saratoga Vichy Company, has been openly and notoriously bottling and selling its waters under the name of the 'Saratoga Vichy' until its competition has become an extremely serious matter to the plaintiffs, whose importations began in 1853 with only 316 bottles, which by the year 1893 had increased to 298,500 bottles. The entire shipment of the Vichy Company amounted in 1896 to nearly ten millions of bottles. Under such circumstances, and in view of the further facts that other waters were openly manufactured and sold in this country under the name of Vichy, and that a manufactured water was dealt out by the glass under that name in innumerable soda water fountains throughout the country, as shown by the record in this case, it is impossible to suppose that the plaintiffs were not aware of these infringements upon their exclusive rights. It argues much more than ordinary indifference and inattention to suppose that the large amount of this rival water could be advertised and sold all over the country without the knowledge of their agents, who would naturally be active in the protection of their own interests, if not the interests of their principals. In fact, they had al-

lowed the name to become generic and indicative of the character of the water. With all these facts before them, and with the yearly increasing sales and competition of the defendant company, no move was made against them for twenty-five years, and until 1898, when this bill was filed. A clearer case of laches could hardly exist. *Saxlehner* v. *Eisner*, 179 U.S. 19, 36."

The fact that there will be resulting concurrent trademark use in the instant case by both petitioner and respondent is obviously not in conflict with past decisions of this Court, because such concurrent use is only the usual result when an estoppel is found against a trademark owner preventing him from enforcing his rights against another user of the mark. *French Republic* v. *Saratoga*, supra.

The petitioner apparently asserts that the courts below held that *both* respondent and petitioner *owned* the trademark and that such a holding would be inconsistent with certain facets of trademark law. However, there was no such holding, the holding being that respondent was the *sole* owner but was estopped from asserting its rights against petitioner insofar as certain of petitioner's members were concerned.

This Court has also held that a trademark owning principal retains his ownership in a trademark, though he designate an agent to use the trademark to distinguish both products of the principal and those of others. *Castner* v. *Coffman*, 178 U.S. 168 (1900). In that case, this Court said:

"Thus we have Castner and Company, Limited,

becoming by contract an agent of the mine owners to sell their coal, putting it upon the market as Pocahontas coal, and dealing with it as such, yet filing a claim for a trademark by which it was sought to deprive the owners of the designation which appropriately belonged to their product." 178 U.S. at 180.

"Whether, as claimed, the reputation of the coal was enhanced by careful inspection and grading by the complainants or their predecessors is left conjectural by the record. But if it be conceded that the proof on this branch of the case was certain, it could operate no change of result. In inspecting and grading the coal, complainants and their predecessors were but agents of the mine owners. Certainly, the agent cannot be heard to say that he may appropriate to himself the name belonging to the product of his principal, or that he may affix the name to coal for his own purposes, and not for the benefit and advantage of his principal." 178 U.S. at 184.

II

No unusual, unsettled, conflicting, or important public interest questions are presented here.

The present case does not involve any question of great public importance. In fact, it is but an ordinary finding in a trademark case that ownership remains in a principal, although he may be estopped from asserting his rights against his agent who, acting on behalf of other principals, was permitted use of the mark over a number of years. Petitioner would apparently have the Court believe that if there is any possibility of the pub-

lic being confused or uncertain as to the source of a product, such is grounds for denying one or the other of the parties the right to use the mark in question, but it is noted that petitioner has cited no cases in support of this proposition. *Saxlehner* v. *Eisner*, supra; *French Republic* v. *Saratoga*, supra; and *Castner* v. *Coffman*, supra, show that the law is to the contrary.

Petitioner asserts that the instant case is significant because of "the severe injury which will result to an important segment of the economy of Oregon, as well as to both parties involved in this suit, if the existing situation is allowed to persist." Petition, page 9.

Respondent points out, however, that grievous injury will result only if respondent's trademark rights in TILLAMOOK were denied it, because it could no longer sell its cheese as TILLAMOOK cheese and thus could not obtain the premium price which TILLAMOOK cheese obtains in the market place. Soon, its underpaid milk producers would be forced to sell their cheese milk to other cheese producers in Tillamook County, which would lead to the destruction of respondent, who has already lost many milk producers because of this litigation and because of threats in the trade made by petitioner which have gravely interfered with respondent's sale of its cheese as TILLAMOOK cheese.

Finally, there is no merit to petitioner's argument that the Court of Appeals affirmed without discussion or analysis the lower court's holding that respondent had established common law rights in the trademark TILLAMOOK. The facts substantiating this holding were ex-

haustively argued before the Court of Appeals, extra time being given for such consideration, and the Circuit Court obviously found ample facts to support the lower court's finding.

CONCLUSION

The Petition for Writ of Certiorari should be denied because there is no conflict of decisions between courts of appeals, there is no unusual, unsettled, conflicting, or important public interest question presented, and the decision below is both clearly correct and equitably sound.

Respectfully submitted,

STEPHEN W. BLORE
Attorney for Respondent

JOSEPH B. SPARKMAN
ARTHUR L. WHINSTON
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JAMES O. GOODWIN
BONYHADI & HALL
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In the Supreme Court

of the United States

OCTOBER TERM 1965

No. 465

TILLAMOOK COUNTY CREAMERY ASSOCIATION,

Petitioner,

v.

TILLAMOOK CHEESE & DAIRY ASSOCIATION,

Respondent.

REPLY BRIEF OF PETITIONER

J. PIERRE KOLISCH,
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Portland, Oregon 97204,
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Of Counsel.

STEVENS-NESS LAW PUB. CO., PORTLAND, ORE. 10-65

In the Supreme Court
of the United States

TILLAMOOK COUNTY CREAMERY ASSOCIATION,

Petitioner,

v.

TILLAMOOK CHEESE & DAIRY ASSOCIATION,

Respondent.

REPLY BRIEF OF PETITIONER

Central to the Petition is the conflict in principle between a long line of prior trademark decisions and the present one which leaves the public and trademark rights in a state of confusion. Respondent asserts (Br. p. 12) that *Saxlehner* v. *Eisner* 1900, 179 U.S. 19; *French Republic* v. *Saratoga* 1903, 191 U.S. 427; and *Castner* v. *Coffman* 1900, 178 U.S. 168, show that there is no conflict. Examination of the facts of those cases does not support the argument that this Court has approved of a trademark situation which leads to serious demonstrable public confusion.

That there is serious confusion between petitioner's and respondent's products as stated in the Petition is more than confirmed by recent events which are a matter of public record, and born out by the documents hereto appended.

When respondent (TC&DA) first left petitioner (TCCA), respondent did not call its cheese "Tillamook Cheese" but used a "Premium Brand" label in which the word "Tillamook" was prominent. Now, however, emboldened by the lower courts' decisions, respondent has entered into a trademark licensing agreement with one of the giants of the dairy industry*—Foremost Dairies, Inc.—to market respondent's (TC&DA's) cheese under the "Tillamook" trademark. See appendices A and B attached hereto, which are articles that appeared in the September 3, and 24, 1965 issues of The Oregon Journal.

Other occurrences which have taken place since the decision of the court of appeals, and raised by respondent's counsel's threats of contempt proceedings against petitioner's distributor in the Los Angeles area, Chris Brandt, further confirm the confusion between the products of the parties.

There are attached hereto, as appendices C, D, E, F, and G, bulletins and correspondence with respect to the confusion over representations made as to the availability of "Tillamook Cheese."

These documents show that Brandt notified Certified Grocers that Tillamook sharp daisies and blocks would

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* Foremost Dairies, Inc. v. FTC, 1965 Trade Cases ¶ 71,500, 5 Cir., July 14, 1965.

not be available until January, 1966. Brandt made no statements to Certified with respect to TC&DA (App. G). The trade was informed, pursuant to Certified's bulletin of July 17, 1965 (App. C), that sharp Tillamook daisies and blocks would be out of stock until January, 1966. A representative of TC&DA informed Certified that it had such products available and a correction appeared in Certified's next bulletin dated July 24, 1965 (App. D). In the meantime, and subsequently, TC&DA's counsel sent his minatory letters to Brandt (App. E and F), although he should have known that Brandt might well have made representations only with respect to petitioner's product. That this is all that Brandt did is shown by Certified's letter of September 27, 1965 (App. G).

The foregoing shows that everyone—the public, the marketing organizations, and even the lawyers—are confused, frustrated, and in continual turmoil as a result of the present state of the decisions. The situation cannot help but become increasingly serious now that Foremost Dairy has taken over marketing of "Tillamook Cheese" from respondent.

Only this Court can straighten out a hopeless state of confusion which is growing worse every day.

Respectfully submitted,

J. PIERRE KOLISCH
Attorney for Petitioner

WARREN H. MCMINIMEE
JON M. DICKINSON
Of Counsel

APPENDIX A

Oregon Journal September 3, 1965

TILLAMOOK MARKETING PACT OKd

By William J. Cary, Jr., Journal Business Editor

Tillamook Cheese & Dairy Association, victor earlier this year in a court fight to permit continued use of the Tillamook Cheese name, has signed a five-year agreement with Foremost Dairies, Inc., of San Francisco for marketing Tillamook Premium Brand cheese products.

The court victory was won in April in the U.S. Court of Appeals in San Francisco as part of a continuing legal altercation between Tillamook Cheese & Dairy Association and the Tillamook County Creamery Association.

A DISPUTE arose in 1963 between TC&DA and TCCA over marketing and trademark procedures of each. Suits and countersuits centered on use of the brand names Tillamook and Premium, and distribution of the famed Tillamook County cheese.

The Tillamook name dispute was settled by the Court of Appeals, but an action remains in Multnomah County Circuit Court concerning money which TCCA claims is owed it by TC&DA, primarily for marketing TC&DA products.

The marketing agreement signed Friday, between TC&DA and Foremost will serve to divide the two farmer cooperatives in Tillamook County permanently.

FOREMOST will buy, age and market the entire cheese production of TC&DA and also will buy and market the total cheese production of the Red Clover Creamery Association of Tillamook, an affiliate of TC&DA.

Under a trademark licensing agreement, production from both TC&DA and Red Clover will be marketed under the Tillamook trademark.

APPENDIX B

The Oregon Journal · Friday, September 24, 1965

FOREMOST OFFICIAL SAYS TC&DA's FUTURE BRIGHT

Tillamook Creamery & Dairy Association is now a going concern with money in the bank and a future assured that every pound of cheese it can produce will be marketed.

Such was not the case a month ago, according to O. M. (Orrie) Anwyl of San Francisco, vice president of Foremost Dairies, Inc.

Anwyl's company on Sept. 1 purchased the TC&DA's cheese inventory, which was in excess of 1 million pounds, for about $425,000, thus paying off TC&DA's producers. The purchase also paid off the association's bank notes and gave it money in the bank.

At the same time Foremost signed a five-year contract with two options for five-year extensions. Under the contract Foremost agrees to purchase all Grade A cheese produced by TC&DA.

Foremost accepts the product at the "curing room door," and has leased the curing room section of the TC&DA's big plant in Tillamook.

All the Grade A cheese purchased by Foremost will be marketed on the West Coast under the Tillamook label through a corporate name in which Foremost will do business as Tillamook Cheese Co. Director is Raymond Sidley, Foremost's Portland manager.

Anwyl emphasized, "We have nothing to do with the lawsuits that are pending. We are only serving as the marketing agent.

"Foremost is a strong marketing firm. We can easily market every bit of Tillamook cheese produced in the county." He added that only cheese produced in Tillamook County will be marketed under the Tillamook label.

Anwyl, vice president in charge of administration for the domestic dairy division of Foremost, said he has made a dozen trips to talk with the TC&DA officials since the first of the year.

"Last spring they suggested two ideas, one of which was that we lease the plant. Then the third plan evolved under which they would produce and Foremost would cure and market the production," Anwyl said.

By paying cash to TC&DA, Foremost hopes the association will regain some of the producers it lost and move back up to the 5 million pound annual production it once had. Anticipated production this year will run between 2 and 2½ million pounds.

"It's a shame," said Anwyl, "that the fine modern plant such as they have at Tillamook is not used at nearer capacity, and thus bring costs down and profits up for everybody." He placed the capacity from 6 to 7 million pounds annually, and said it could even go much higher with double shifting and double sets.

He hopes production will grow and thus give him more of the famous Tillamook product which commands a 6 to 8 cent premium in the market place.

APPENDIX C

CERTIFIED GROCERS OF CALIF., LTD.
DELICATESSEN BULLETIN 7/17/65, No. 29

NEW LISTINGS

7063 Tastee Shrimp Cocktail—Big 2—6/2/5½ oz. $4.14
Each case contains 6 sleeves of 2/5½ oz. reversible glasses. This type of packaging gives multiple sales. Cost per each 5½ oz. jar is 34½c each or 70c per sleeve. Each sleeve of 2 jars is beautifully lithographed and has plenty of sales appeal. Tastee is the original "Ready to Eat" Shrimp Cocktail containing choice tender whole shrimp in a delicious tangy sauce.

8607 Springfresh Ind. Wrapped American Slices
12/8 oz. $3.12

8608 Springfresh Ind. Wrapped Pimiento Slices
12/8 oz. $3.12

8609 Springfresh Ind. Wrapped Swiss Slices
12/8 oz. $3.12

Now members are offered a complete line of Springfresh Individually Wrapped Slices—5 oz., 8 oz., 12 oz., and 16 oz. This new 8 oz. size has been requested by members. The low cost of only 26c per 8 oz. package will enable members to feature this new size.

SPECIAL NOTICE ON SPOILS

Items that do not carry an "S" on the deli order form are not eligible for spoils return. Members are requested to call the broker or supplier for spoils credit. If broker or supplier is not known call your Deli Office for phone number.

COMMENTS NOTED BY YOUR DELI DIVISION

There is one thing to be said about ignorance—it sure causes a lot of interesting arguments.

SPECIAL NOTICE ON FARMER JOHN SLICED BACON AND FRANKS

Out of stock conditions have existed on Farmer John Sliced Bacon and Franks. Orders placed with Farmer John have been partially filled thus creating a stortage of product to members. The Deli Division is doing all in its power to keep sufficient stocks on hand. A shortage of pork and high prices is cutting back production on many pork products in other brands, also on canned hams.

SPECIAL NOTICE ON SHARP TILLAMOOK DAISIES

Sharp Tillamook Daisies will be out of stock until January 1966. The last shipment to headquarters will be made this week. 40 lb. Tillamook Sharp Blocks are out of stock until January 1966.

APPENDIX D

CERTIFIED GROCERS OF CALIF., LTD. DELICATESSEN BULLETIN 7/24/65, No. 30

CORRECTION ON TILLAMOOK SHARP DAISIES AND BLOCKS

Last week's bulletin stated that Tillamook Sharp Daisies and Blocks were not available. This was in error. Order your needs under bulk cheese code numbers 56 and 60.

DESCRIPTION AND PACK CHANGE

8785	Frigo Italian Grated Cheese (Formerly Springfresh brand)	12/1½ oz.	$1.88
7569	Farmer John Liverwurst Chub	12/6 oz.	$1.71
7570	Farmer John Liver & Bacon (Formerly packed 16/6 oz.)	12/6 oz.	$1.71

COMMENTS NOTED BY YOUR DELI DIVISION

We are all manufacturers — making good, making trouble, or making excuses.

NEW LISTINGS

8041	Major Sliced Smoked Beef	12/3½ oz.	$3.35
8042	Major Sliced Smoked Ham	12/3 oz.	$3.35
8043	Major Sliced Corned Beef	12/3½ oz.	$3.35
8044	Major Sliced Smoked Turkey	12/3 oz.	$3.90
8045	Major Sliced Smoked Chicken	12/3 oz.	$3.90
8050	Viking Danish Sliced Cooked Ham	12/5 oz.	$5.90

The fantastic new Major & Viking Sliced Meats are here now—a major event! See Bulletin for details.

9519 Jack Frosted Strawberry Pressure Can
12/18 oz. $4.78

An additional flavor to the popular Jack Frosted Chocolate Pressure Can Milk Shake. A real tart strawberry flavor will be a favorite with the kids from 6 to 60. A special introductory allowance of "one free with ten" through Sept. 3, is reflected in the cost. The pressure can is a beautiful strawberry red and will be a real "shopper stopper."

8919 Grand Taste Ol' Virginia Pear Shape Hams
6/5 lb. $22.80 $.76 lb.

8920 Grand Taste Ol' Virginia Pear Shape Hams
6/9 lb. $39.42 $.73 lb.

9134 Grand Taste Ol' Virginia Pear Shape Picnic
6/4¾ lb. $17.10 $.60 lb.

Now available from your Deli Division—Grand Taste Ol' Virginia Brand Canned Hams and Picnics. The only ham and picnic canned in Los Angeles and the quality is unsurpassed. Compare the price—ham is from 3½c to 6c per pound under any offering and the picnic shoulder is up to 5½c per pound under. The Ol' Virginia brand is well known to your customers and is sure to be a repeat sale once your customer tries any of the above listings.

APPENDIX E

July 20, 1965

Mr. Chris Brandt
The Imperial Brokerage Co.
1020 Colorado Street
Los Angeles, California

Re: Interference with Tillamook Cheese & Dairy Association Sales in Los Angeles Area

Dear Mr. Brandt:

We have been advised by our client, Tillamook Cheese & Dairy Association, of Tillamook, Oregon, that you have given to Certified Grocers, of Los Angeles, false information regarding the availability of Tillamook cheese from TC&DA, misleading Certified Grocers into issuing a bulletin which could have no other effect than interfering with TC&DA's sales program in the Los Angeles area. Our specific information is that you informed Certified Grocers that the offices of TC&DA and TCCA are now "the same" and for that reason you are in a position to know that until 1966 neither TC&DA nor TCCA will have available any 40 pound sharp cheese blocks nor 25 pound sharp cheese wheels or daisies. Such information is not true insofar as TC&DA is concerned, and we can only assume that such statements were made by you with the idea of inducing Certified Grocers to issue a bulletin reflecting such information, thus to interfere with the sale of TC&DA's Tillamook cheese.

We know you are aware of the pending conflicts between TC&DA and TCCA and in fact, at the time of handing down of the judgment in the United States District Court on August 6, 1964, we sent a copy of this

judgment to you on September 1, 1964, with a letter of that date, informing you of the injunction so that you would be bound thereby. This judgment specifically prohibited the plaintiff (TCCA), and its officers, agents, servants, employees and those persons in active concert or participation therewith from interfering with TC&DA's sales of its cheese under the "Tillamook" mark. Thus, you have a copy of this injunction and can refer to it.

Under the circumstances, if the information we have received is correct, and you have deliberately given false information to Certified Grocers so as to interfere with the sale of TC&DA's cheese in the Los Angeles area, you are certainly in violation of TC&DA's rights. We intend to take action against you to see that TC&DA's rights are not violated again, that the damage you have so far done is undone to the extent now possible, and that TC&DA is compensated for the damage inflicted on it.

As a first step, it is hereby demanded that you make an immediate retraction *in writing* to Certified Grocers, with a copy to us, informing them, as you well know, that the offices of TC&DA and TCCA are not the same, and further informing Certified Grocers that you are in no position and have no authority whatsoever to speak on behalf of TC&DA in regard to the availability of cheese by TC&DA, or to speak on behalf of TC&DA in any other way.

The severity of our further action against you will depend on the promptness and completeness of your retraction of the misleading statements you have made to Certified Grocers.

Very truly yours,

BUCKHORN, BLORE, KLARQUIST AND SPARKMAN
JOSEPH B. SPARKMAN

APPENDIX F

September 21, 1965

Mr. Chris Brandt
The Imperial Brokerage Co.
1020 Colorado Street
Los Angeles, California

Re: Interference with Tillamook Cheese & Dairy Association Sales in Los Angeles Area

Dear Mr. Brandt:

On July 20, 1965, we wrote you about a matter concerning Tillamook Cheese & Dairy Association, of Tillamook, Oregon, and sent the letter to you by certified mail. On or about August 10, 1965, the letter was returned to us indicating that it had been refused delivery. A copy of that letter is enclosed herewith so you will know the reason for our complaint.

Your refusal to accept a registered letter from us in connection with this matter could be serious particularly in view of the fact that you are bound by the injunction in this case (because of our sending a copy of the injunction to you in accordance with the Federal Rules of Civil Procedure). We suggest you consult your attorneys in connection with this matter.

Very truly yours,

BUCKHORN, BLORE, KLARQUIST AND SPARKMAN
JOSEPH B. SPARKMAN

APPENDIX G

CERTIFIED GROCERS OF CALIFORNIA, Ltd.
Retailer-Owned Food Distributors
2601 South Eastern Avenue
Los Angeles 22, California

September 27, 1965

Mr. Chris Brandt
Imperial Brokerage Company, Inc.
1020 Colorado Blvd.
Los Angeles, California

Dear Mr. Brandt:

In reference to your question—"Did you ever make a statement to Certified Grocers that the offices of TC&DA and TCCA are now the same?"—the answer is a definite, no! You gave us information that Tillamook Sharp Daisies and Blocks were not available—period. You made no mention of TC&DA in this respect and Certified's Deli Bulletin made no such reference.

The following week a representative called on me and brought to my attention the fact that TC&DA had product available. The very next bulletin, one week after this out of stock notice, a correction was made and no mention of TC&DA or TCCA was made in this bulletin or any bulletin mailed out to our members.

To our knowledge, Chris, at no time have you ever given any misinformation to Certified in regards to Tillamook Cheese.

Copies of Certified bulletins attached.

Sincerely,

ROBERT E. KEARNEY, Delicatessen Products Division